

Lived Experience Action Research
For Women Entrepreneurs

Fair Pay, Ownership & Valuation Research

YEAR TWO FINDINGS

Findings to Inform Lived Experience Research

Our 2022 Research Study on **Pay, Ownership, Valuation (POV)** found early-stage women business owners (WBOs) – with no support – are excelling at fair pay practices (compared to more mature companies) despite BIG challenges.

Source: [Pay, Ownership, Valuation Research by the Nasdaq Center 2022](#)

Access to capital

Access to capital is the number one barrier to company profitability, growth, and entrepreneur compensation.

Cash flow break even

It takes more than eight years for women business owners to get to cash flow breakeven.

Food insecurity

Increased food insecurity for women business owners.

Cost of healthcare and childcare

Challenges surfaced around high cost of healthcare and childcare.

Research Goals

Addressing Unique Pain Points of Women Business Owners

Women business owners are consistently overcoming hurdles and systemic barriers with little to no support. The struggles they face are not told through existing, limited data sets.

Using quantitative and qualitative research methods the Center, Penn State University, and University of Berkeley students captured the lived experiences of women business owners across multiple social, cultural and environmental factors.

Help inform deeper evaluation and risk assessment

Make recommendations for key capital access gaps to inform product innovation to Wells Fargo before going to market with this report (e.g., lines of credit for payroll support).

Create more avenues of shared learning for policy makers and the wide range of capital allocators

Help policy makers understand where lived experiences affect women business owners by producing a comprehensive analysis that looks at the debt/loan capital stack, and what's missing for business owners to get them to break even faster than 8 years.

Explore potential capital product innovation to address WBO's needs

Identify new and/or ways to strengthen existing intervention opportunities to support women entrepreneurs within the broader ecosystem.

Our Data Sources

Quantitative

Qualitative

1



1158 respondents from survey to our community of entrepreneurs

- 860 WBO

2



3609 respondents from U.S. Entrepreneur Survey of Venture Forward February 2023

- 1721 WBO

3



INSTITUTE OF
GOVERNMENTAL STUDIES
UNIVERSITY OF CALIFORNIA, BERKELEY

31 participants for semi-structured interviews with WBO between March - June 2023

Insights Related to Key Findings

Summary of Insights

Headlines From Lived Experience Research

Evaluating qualitative and quantitative data, across multiple data sets, here is our highlight reel of key findings from our analysis:

1

Confidence increases cash flow break-even

Feeling financially secure to pursue to your business goals, feeling supported by your family, and feel supported by your community are all positive factors for cash-flow break even. (Source: Center Data).

2

Paying yourself as a founder in the first year is a positive factor for cash flow break-even

There is a substantiated correlation between paying yourself in the first year and cash flow break-even. (Source: Center Data).

3

Feeling supported are positive factors for cash flow break-even

Mentorship represented by feeling supported in your community shows up high as a factor for cash flow break even and speed to cash flow break-even. Feeling financially secure and confidence in your future success also show up strongly for both cash flow break-even and speed to cash flow break even.

Headlines From Lived Experience Research

Key insights continued:

4

Speed to cash flow break-even vs. Cash flow break even introduces new positive factors.

Age and hours worked per week are positive factors for speed to cash flow break-even. Confidence in the future is more important than your origin story/why you started your business for cash-flow break-even.

5

Business motivation matters

Compared to their White counterparts, more respondents who identified as Hispanic, Black/African American indicated that contributing to their communities was the primary motivation for starting their business. (Source: Center Data).

6

Having discretion over cash flow at the outset of your businesses is a positive factor for cash flow break-even in Year 1 and a strong Year 2

Availability of cash of operations, average monthly revenue, year started paying yourself and number of employees

Are positive factors to get to cash flow break-even Year 1. (Source: Center Data)

Headlines From Lived Experience Research

Key insights continued:

7

Prominence of early-stage companies structured as LLCs is alarming

This formation structure can potentially limit access to capital. (Source Milestone Circles Data).

8

If a business is > 5 years old, less chance they'll become a growth-based business

If you're 3-10 years old and tracking to be a growth-based business, you have 5-9 employees. (Source: Milestone Circles Data).

9

Black/Asian American and Hispanic/Latin identifying founders report lower levels of overall health compared to their Asian and White counterparts.

Accessing food and balanced meals also may constrain entrepreneurs differently with Hispanic/Latin identifying founders reporting more difficulty. (Source: Center Data).

Study Demographics

Demographics (Sample, N)

Stats are based on the samples (N) from each data source - they all total 100%

Gender Identity	Data Source			Total Individuals
	The Center	GoDaddy	UC Berkeley	
Male	151	1537	-	1688 (36%)
Female	861	1721	31	2613 (56%)
Non-binary/non-conforming	5	52	-	57 (1%)
Prefer not to respond	9	299	-	308 (7%)
Total Sample Size per Data Source	1026	3609	31	4666 (100%)

Ethnicity	Data Source			Total Individuals
	The Center	GoDaddy	UC Berkeley	
Hispanic	99	336	9	444 (10%)
Not Hispanic or Latinx	894	2925	22	3841 (82%)
Prefer not to respond	33	348	-	381 (8%)

Race	Data Source			Total Individuals
	The Center	GoDaddy	UC Berkeley	
White	274 (27%)	2220 (62%)	-	2494 (54%)
Black or African American	567 (55%)	512 (14%)	14 (45%)	1079 (23%)
Asian or Pacific Islander	62 (6%)	158 (4%)	4 (13%)	220 (5%)
American Indian or Alaska Native	7 (1%)	37 (1%)	1 (3%)	44 (1%)
Other or multi-racial	82 (8%)	254 (7%)	12 (39%)	336 (7%)
Prefer not to answer	34 (3%)	428 (12%)	-	463 (10%)

Positive Factors & Data to Support Insights

4 Variables

Analysis to
Produce Top
Positive Factors
for Variables

Cash Flow Break-Even Reached

Speed to Cash Flow Break-Even

Average Monthly Revenue

Ease of Access to Capital

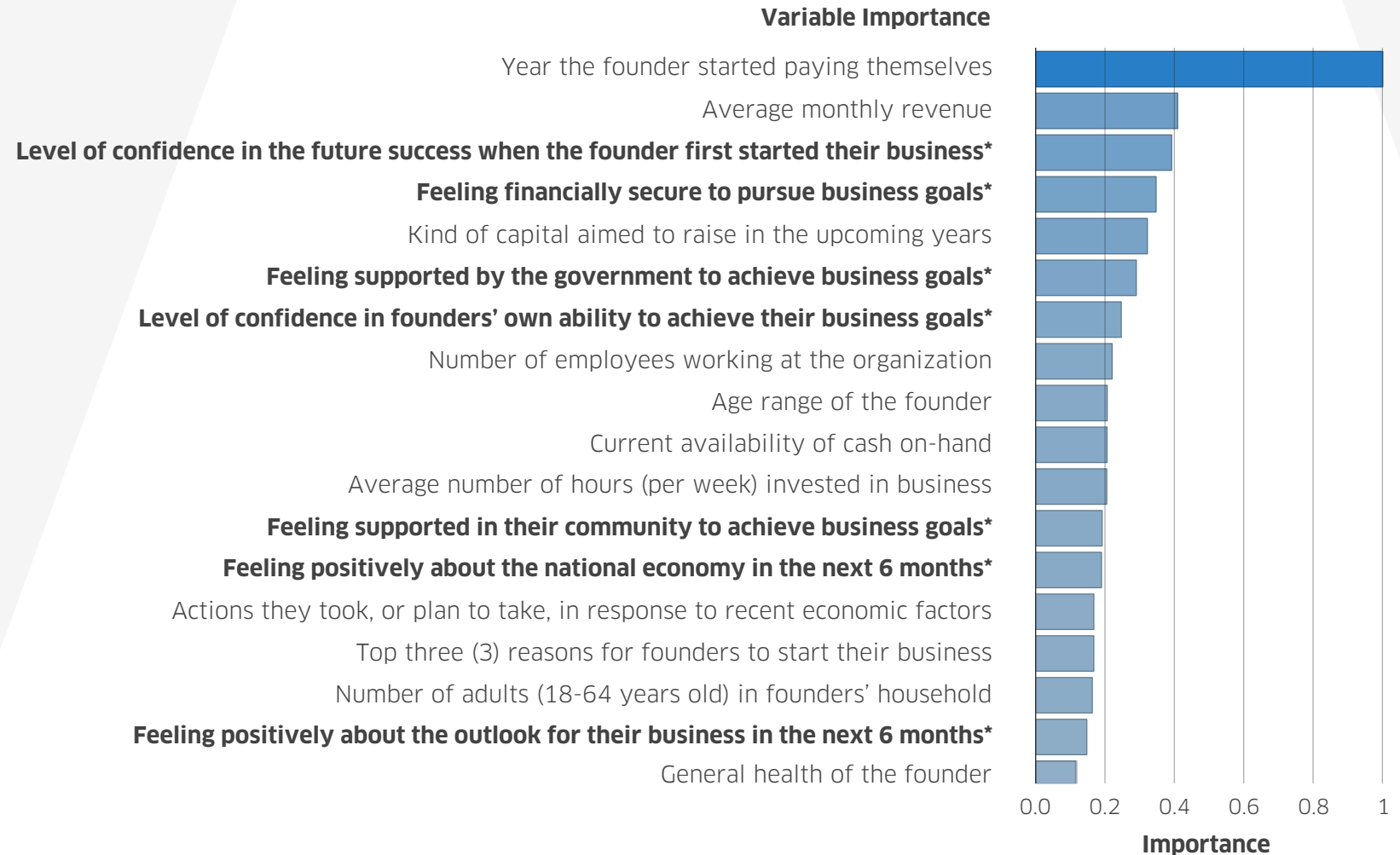
Cash Flow Break-Even Reached

Factors in Order of Importance



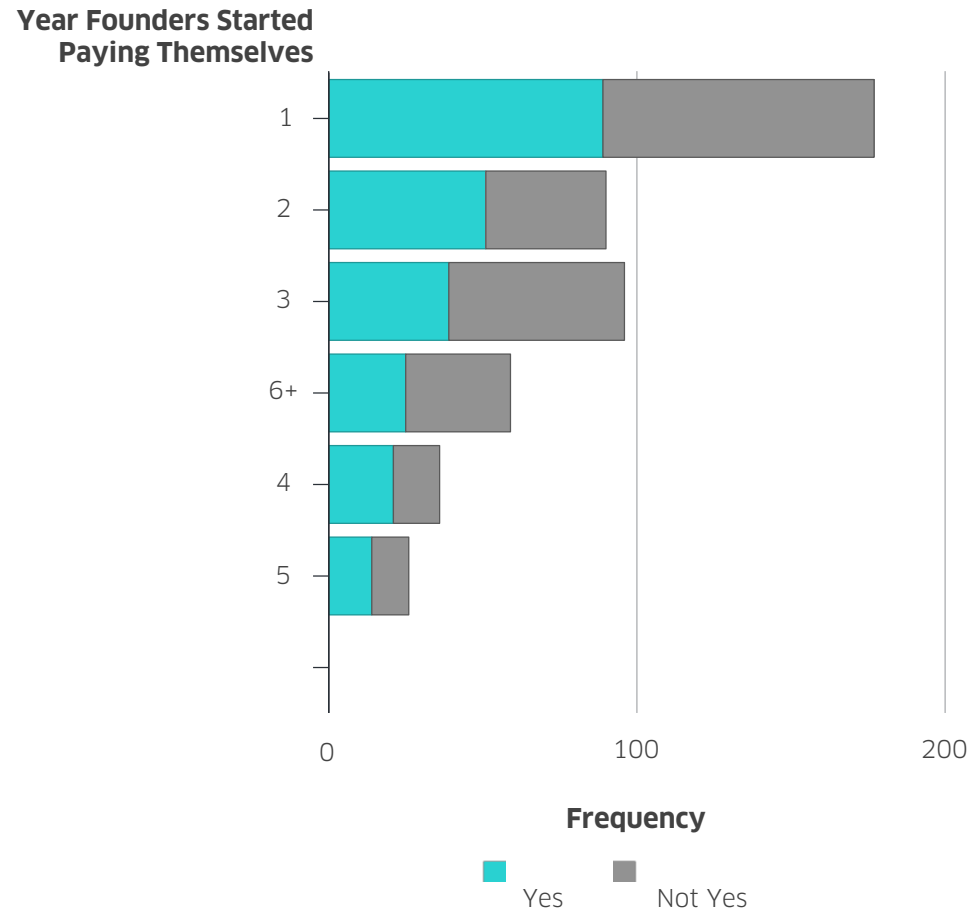
Speed to Cash Flow Break-Even

New Factors
(Age and Hours Working) -
Confidence
Plays Bigger
Role



If the Founder Pays Themselves Year 1

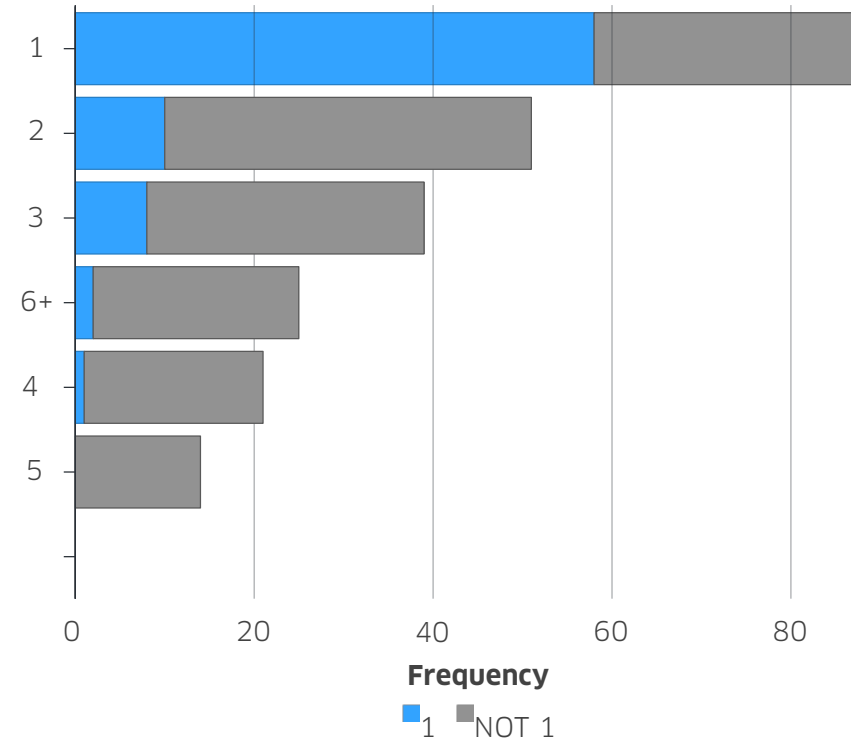
#1 Positive Factor for Speed to Cash Flow Break-Even



If the Founder Pays Themselves Year 1

Faster Speed to
Cash Flow
Break-Even

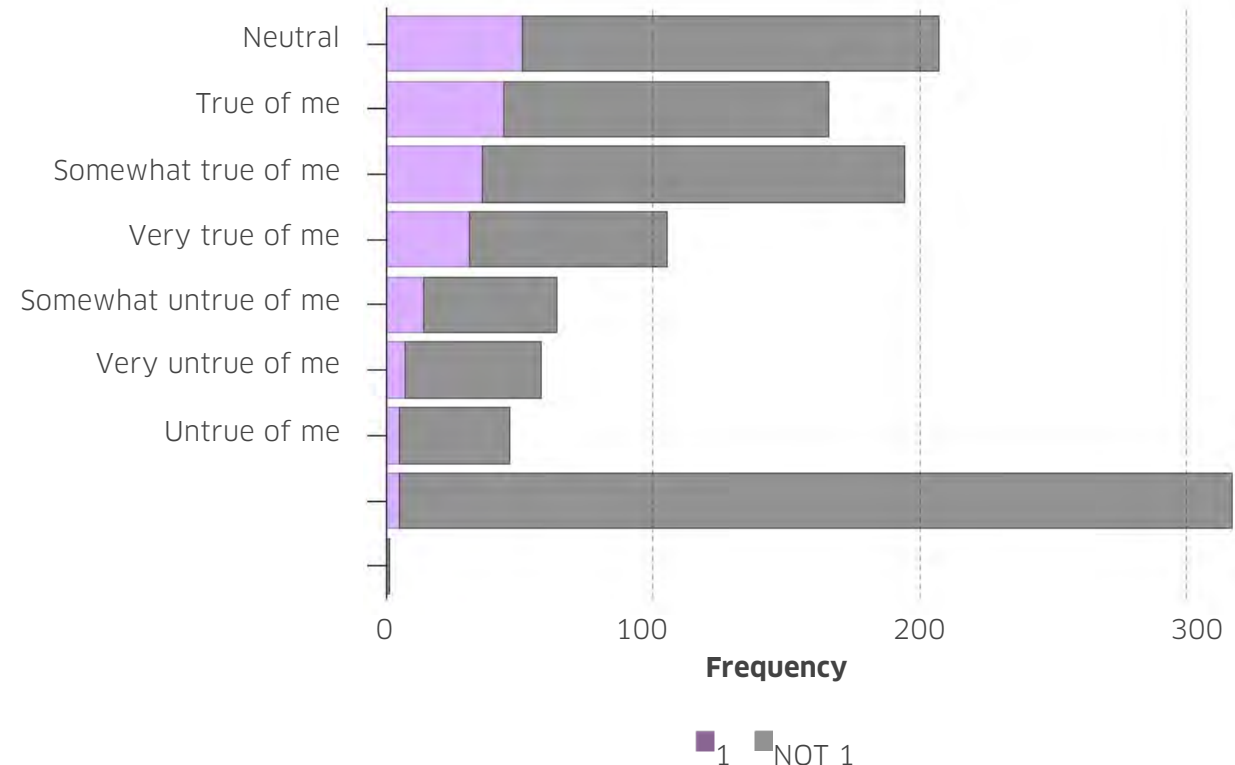
Year the Founder Started
Paying Themselves



If the Founder Pays Themselves Year 1

Feeling Supported
in Their Community
to Achieve
Business Goals

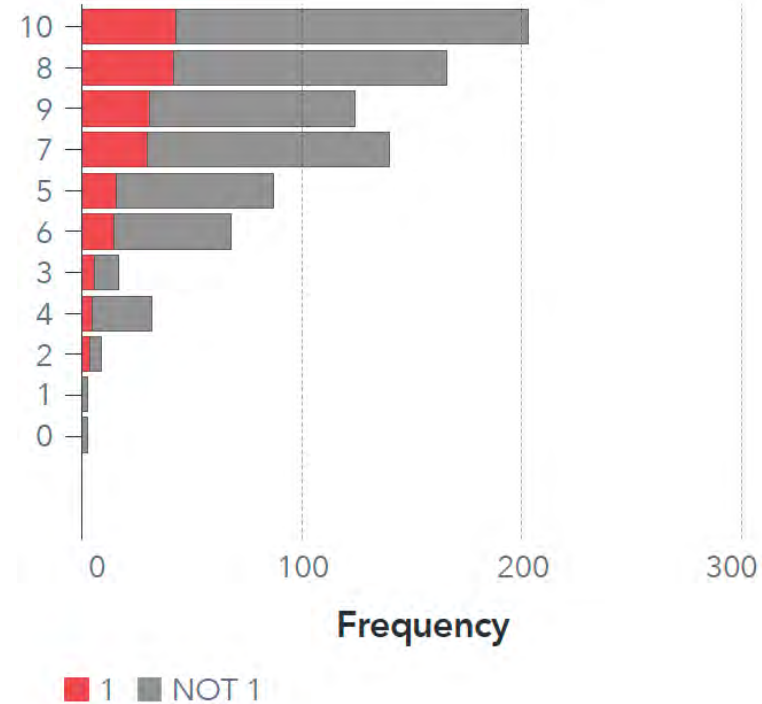
Founder Feeling Supported
in Their Community to
Achieve Business Goals



If the Founder Pays Themselves Year 1

Feeling
Confident in
Their Ability to
Achieve
Business Goals

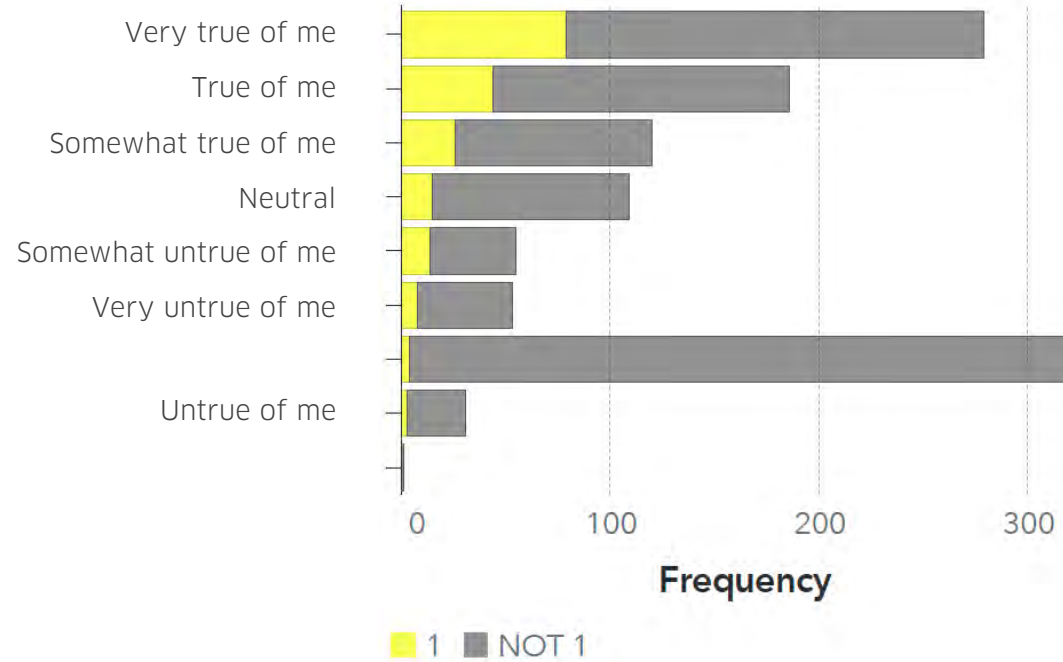
Founder Feeling
Confident in Their Ability
to Achieve Business Goals



If the Founder Pays Themselves Year 1

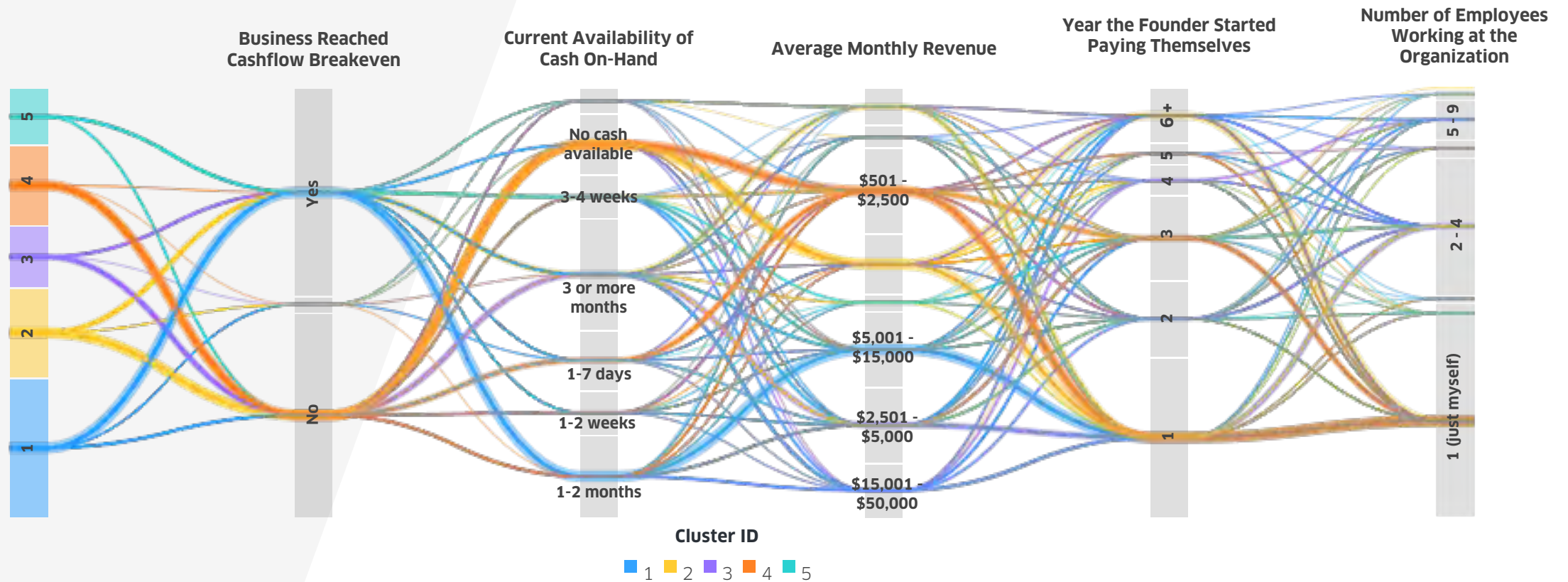
Feeling Supported in Their Family to Achieve Business Goals

Founder Feeling Supported in Their Family to Achieve Business Goals



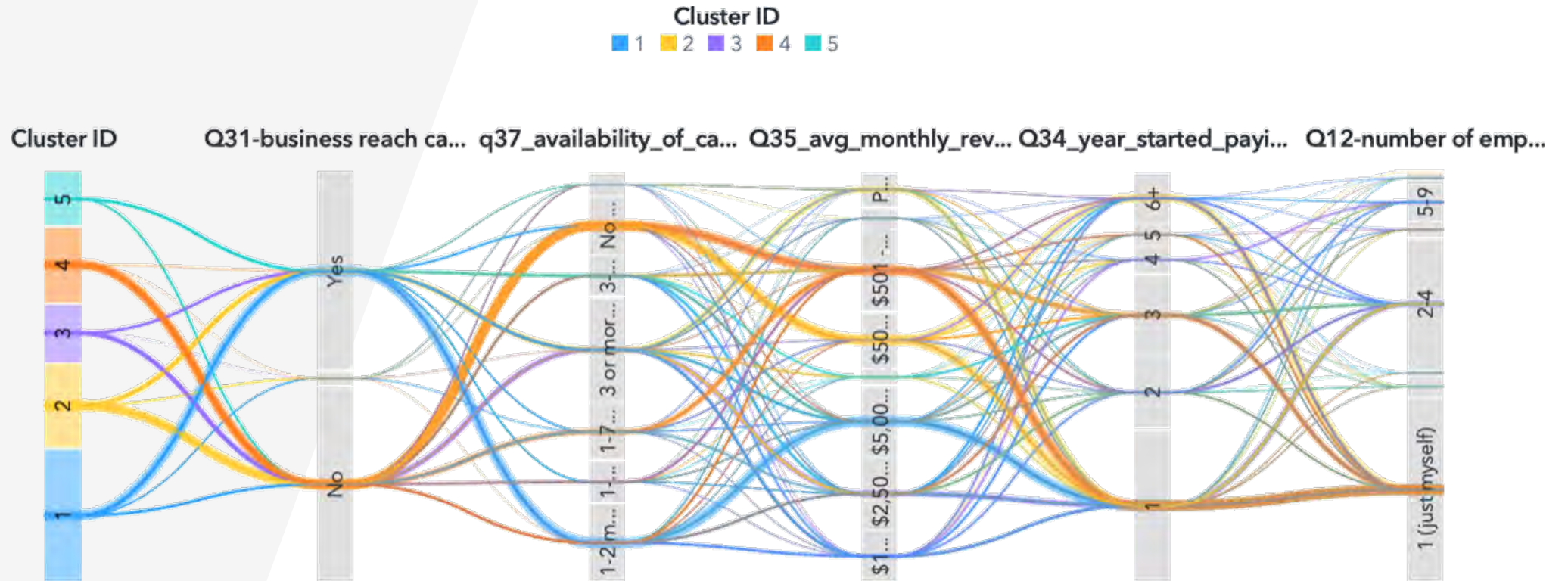
Cluster Analysis

Having Discretion Over Cash Flow is a Positive for Cash Flow Breakeven Year 1 and Stronger Year 2



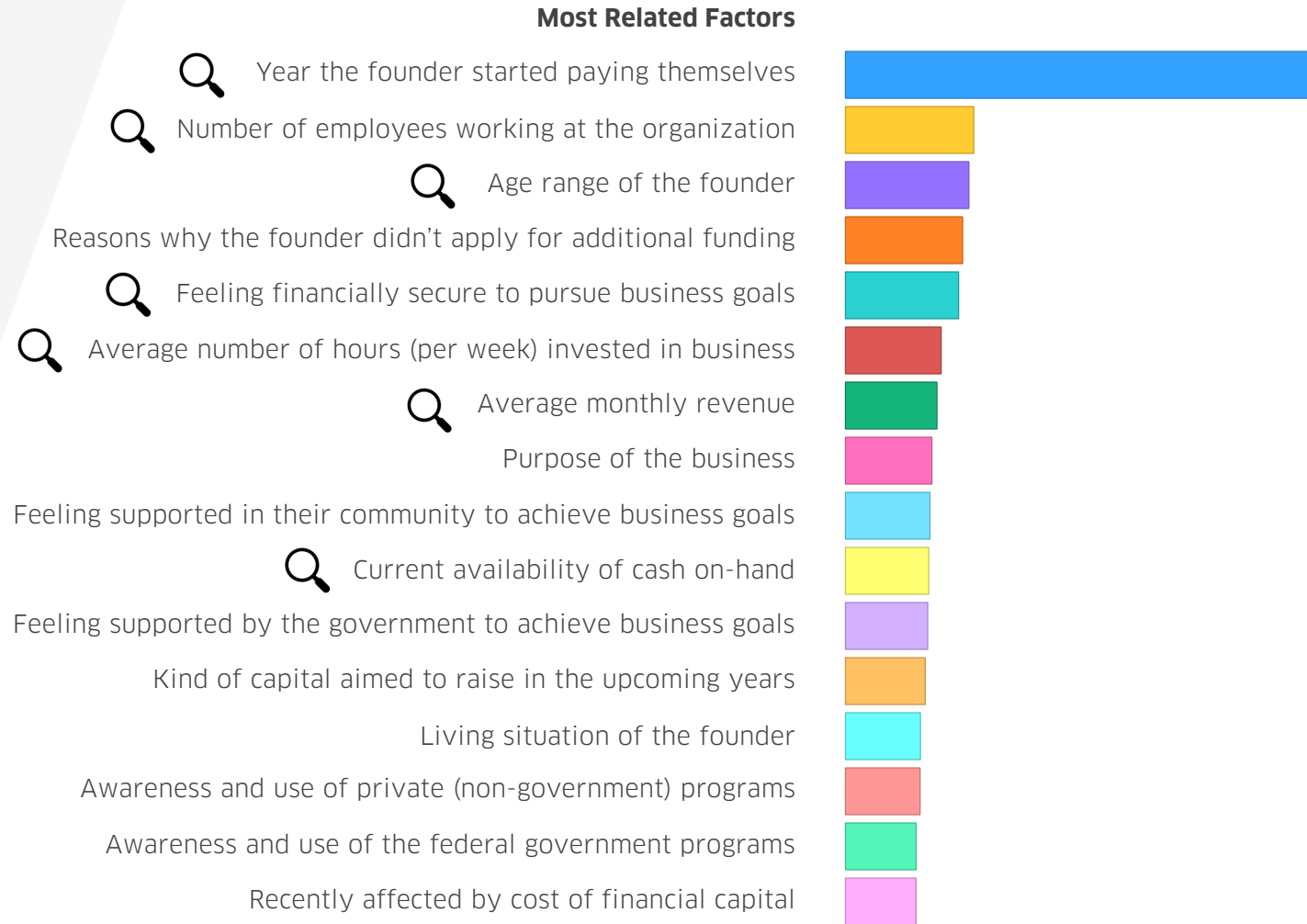
Cluster Analysis

Cash Flow Breakeven Year 4



Speed to Cashflow Break- Even

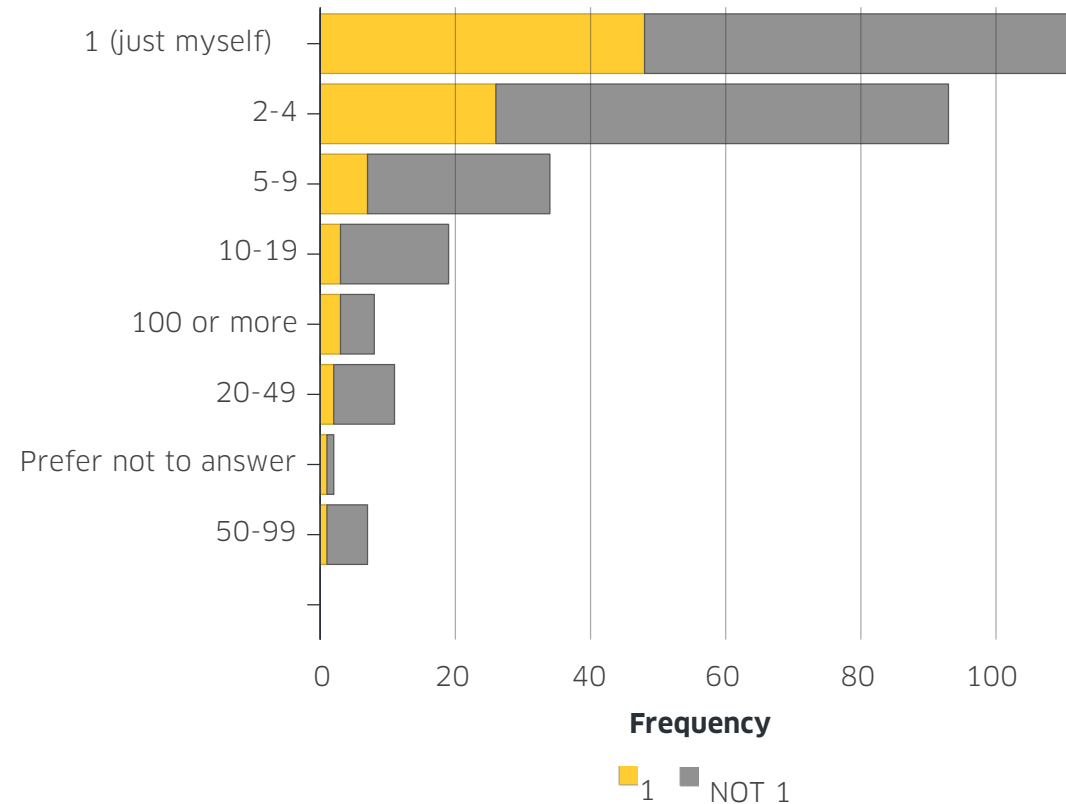
Top Factors for Reaching Break-Even for Year 1 in Business



Number of Employees

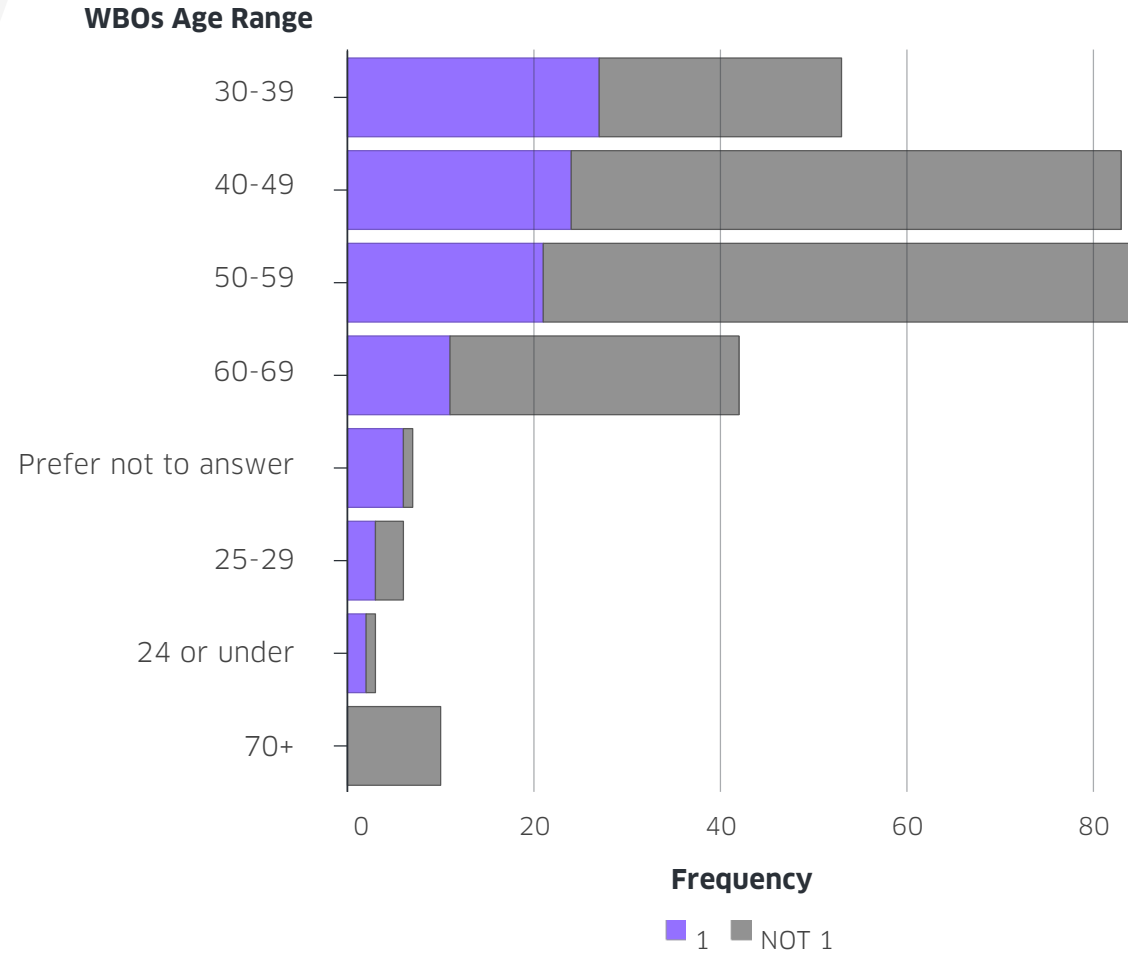
Faster Speed to
Cash Flow Break-
Even Year 1

Number of Employees Working
at the Organization



Age of the Founder

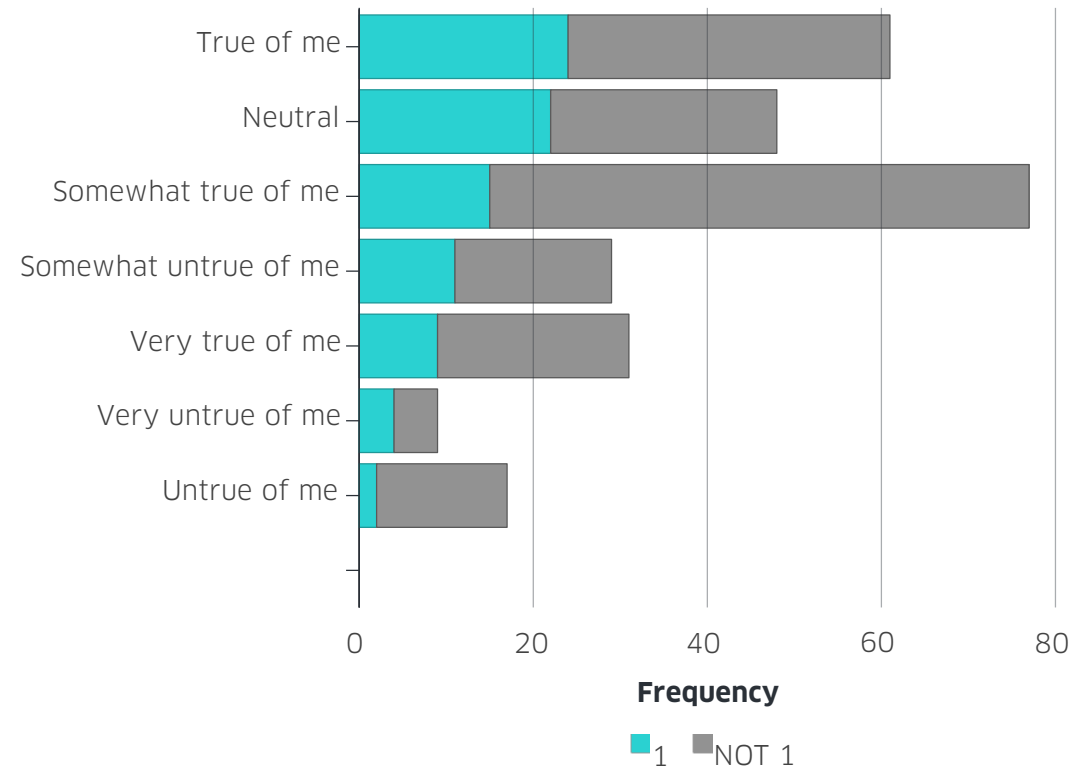
Positive Factor
for Women
Business Owners
Who Reach Cash
Flow Break-Even
in Year 1



Confidence Matters: Feeling Financially to Pursue Your Business Goals

Positive Factor for Those Who Reached Cash Flow Break-Even Year 1

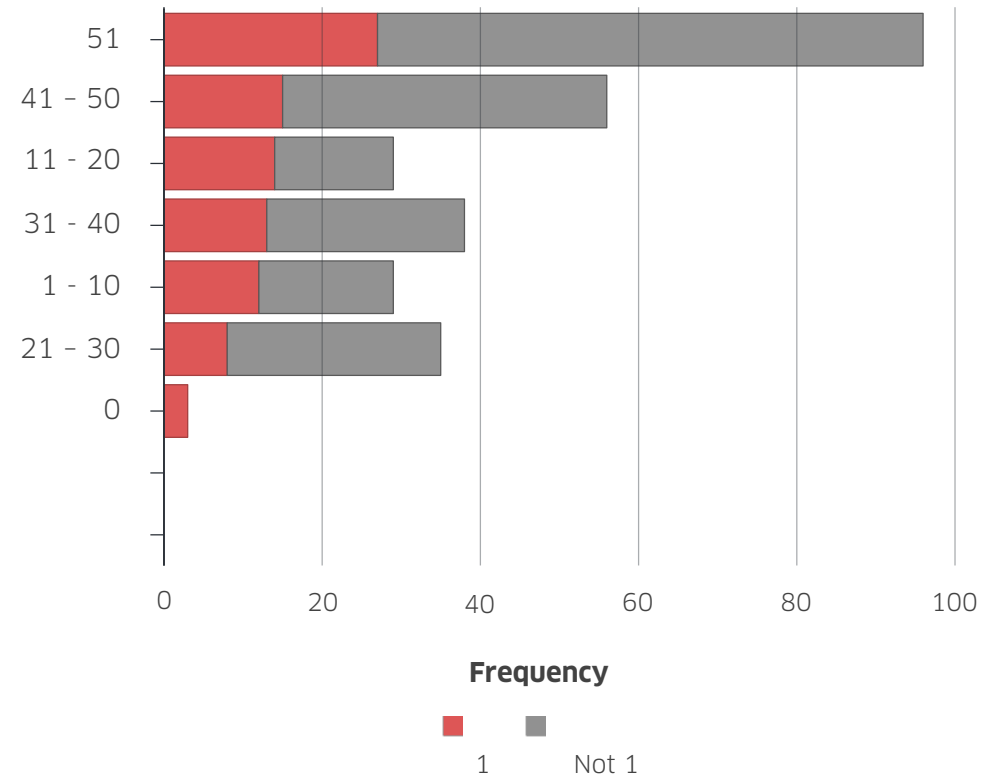
Feeling Financially Secure to Pursue Business Goals



Hours Per Week Invested on Business

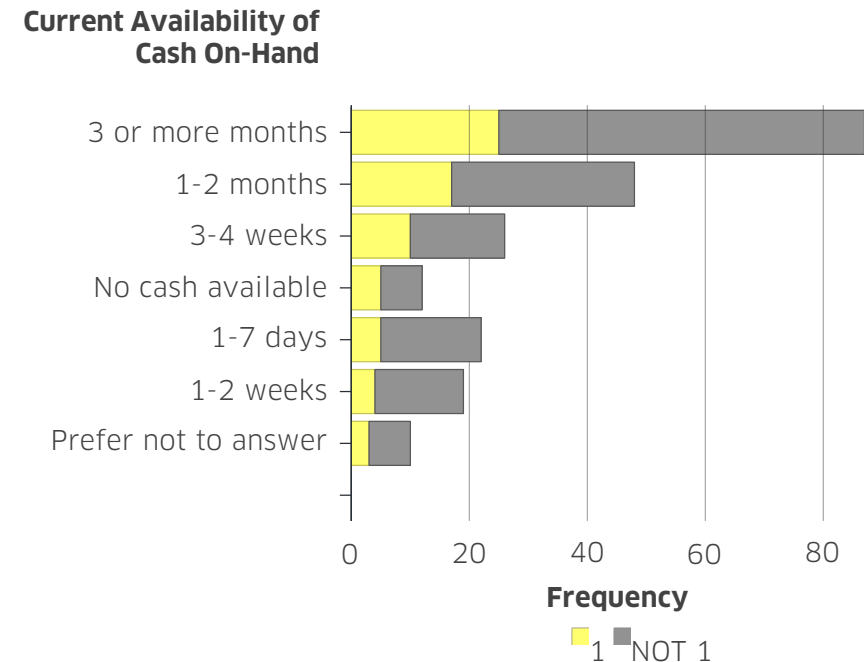
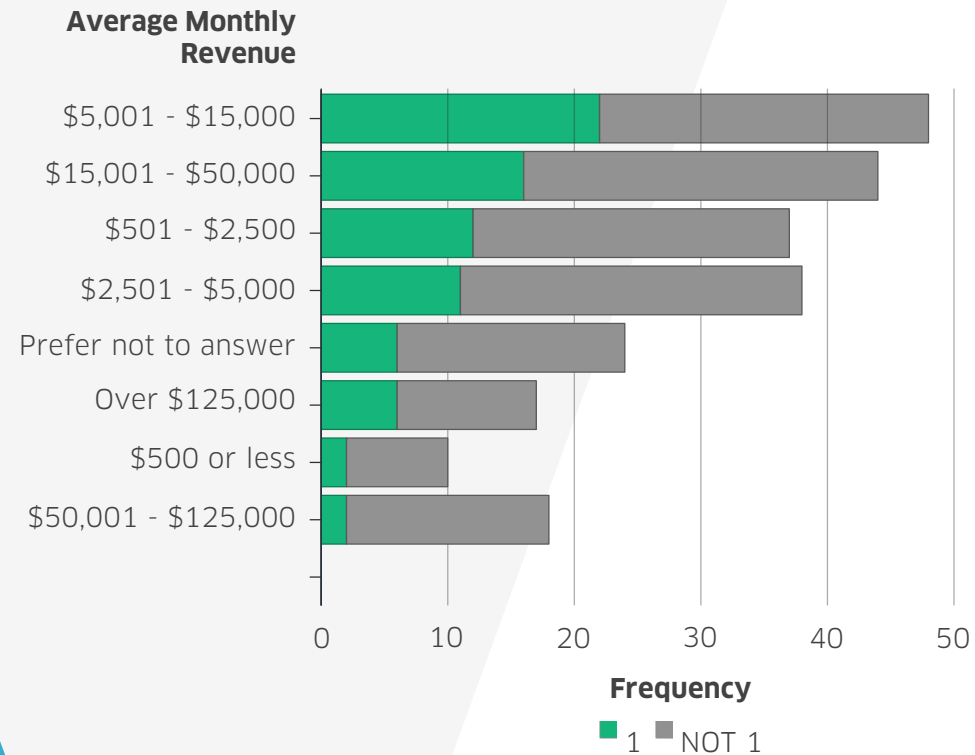
Positive Factor to
Cash Flow Break-
Even Year 1

Hours/Week Invested
in Business



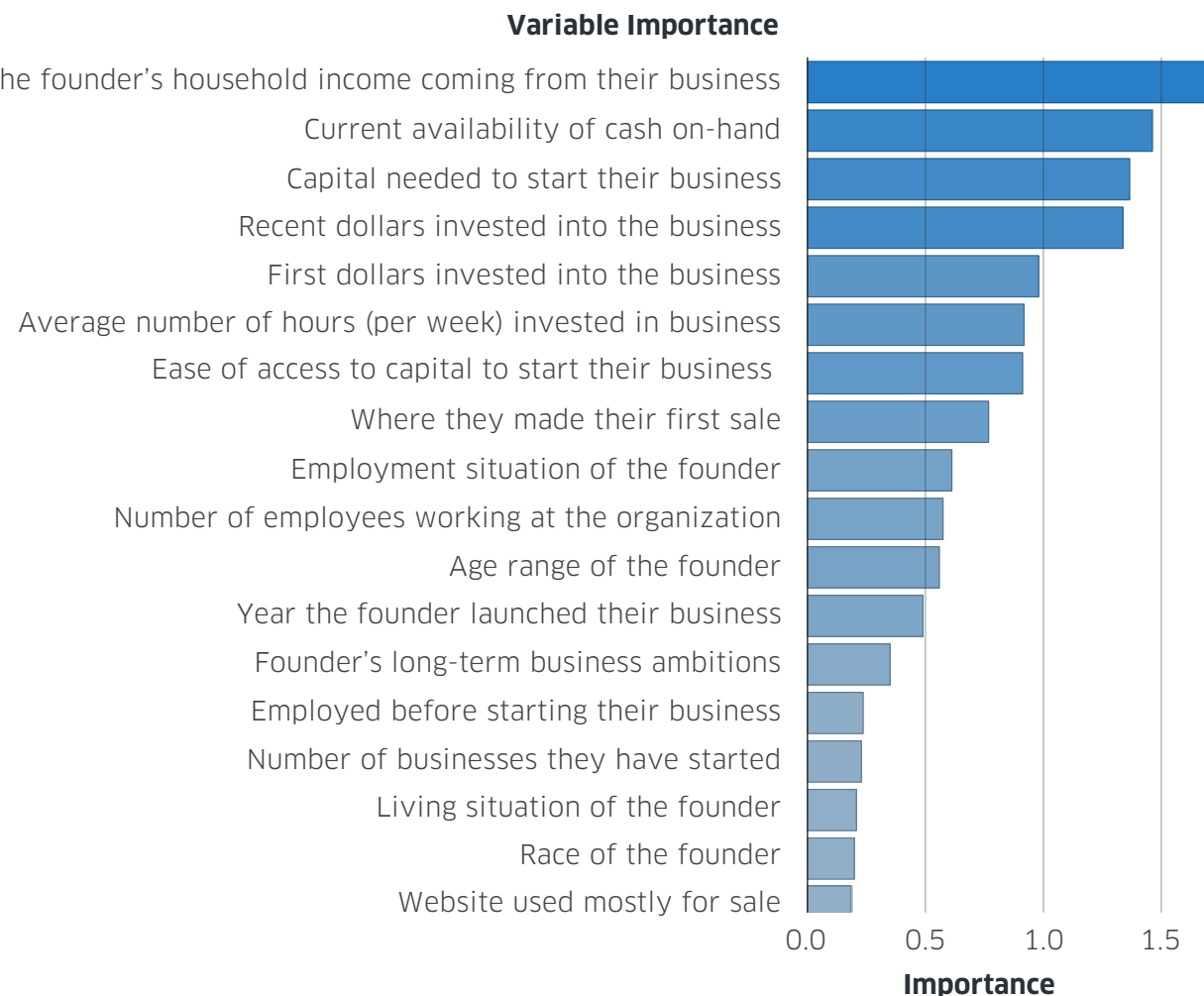
Average Monthly Revenue

Financial Optionality (Cash On-Hand) in Year 1 Matters for Speed to Cash-Flow Break-Even



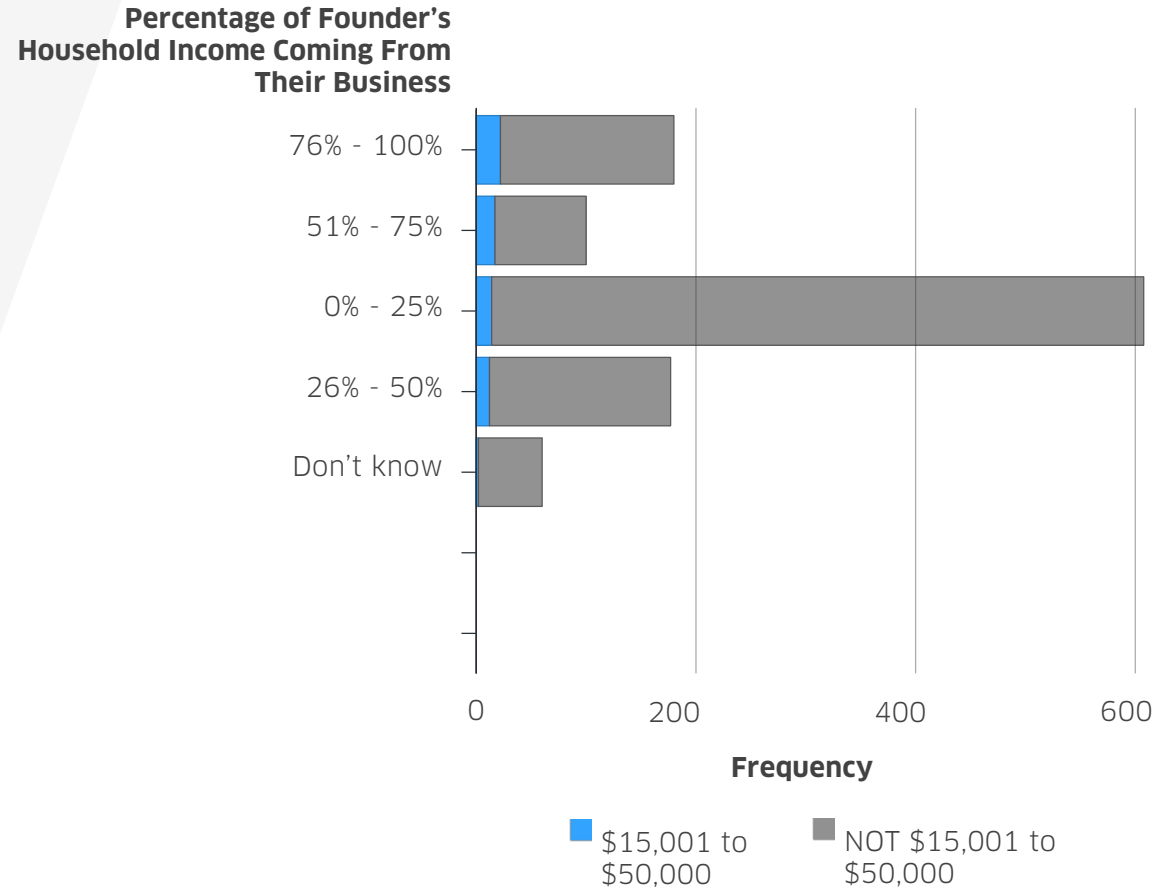
Average Monthly Revenue

Factors in Order of Importance



Average Monthly Revenue

Factors for Those Avg. Monthly Income Between \$15,001 and \$50,000



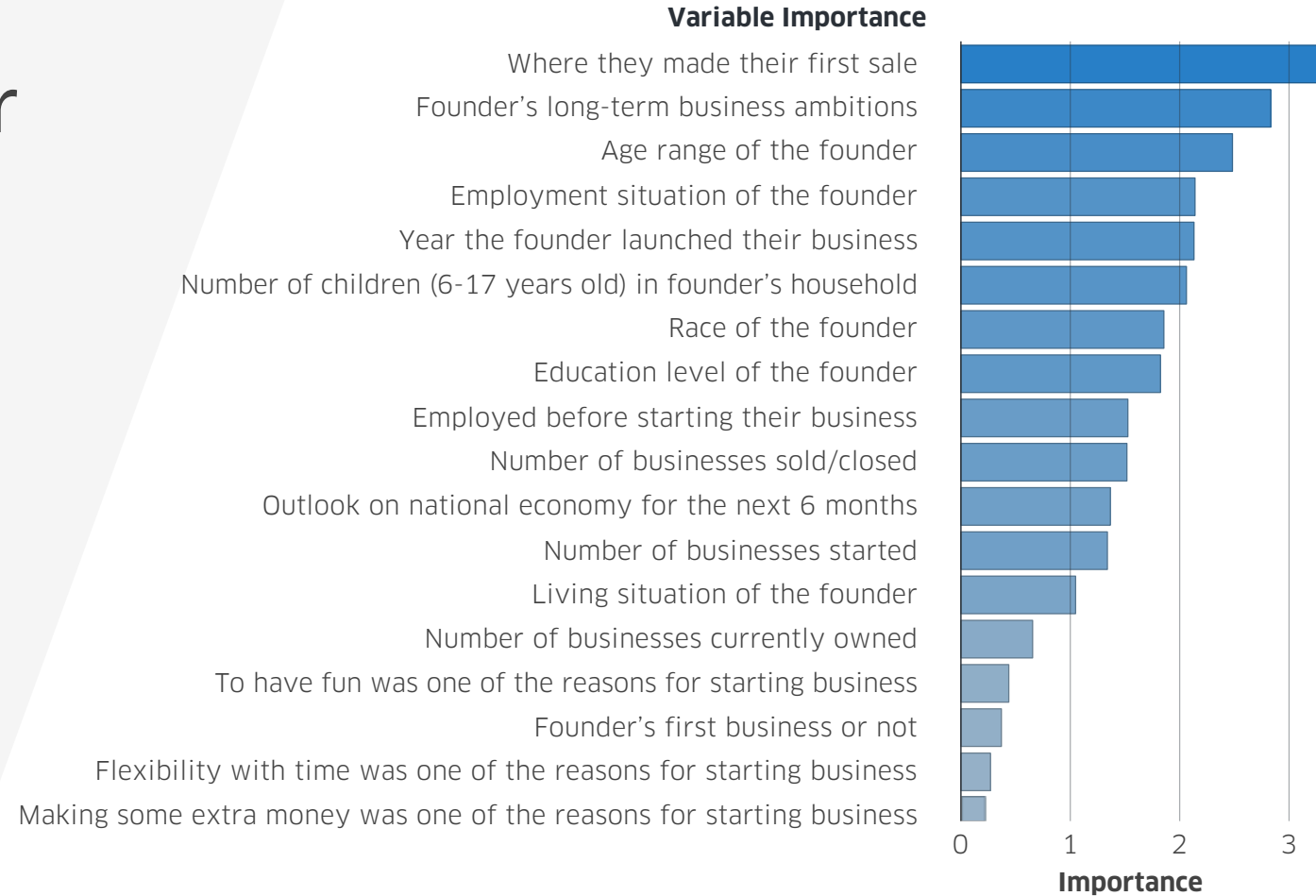
Business Ambitions

Factors Most Related to Business Ambitions in the Long Term



Ease of Access to Capital

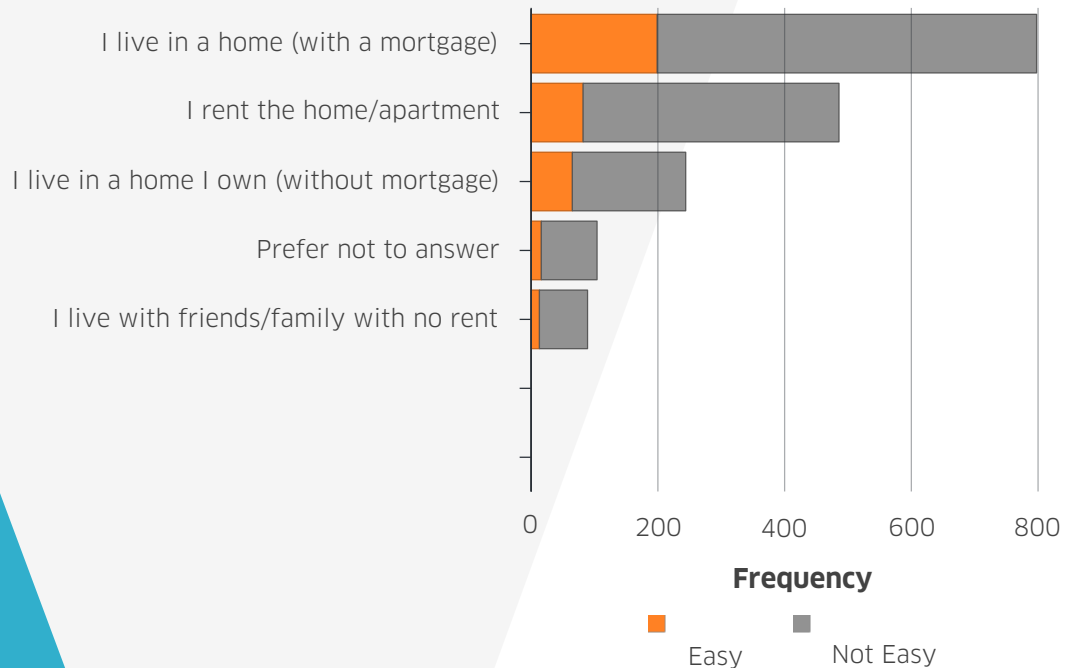
Factors in Order of Importance (Across Easy, Moderate, Difficult)



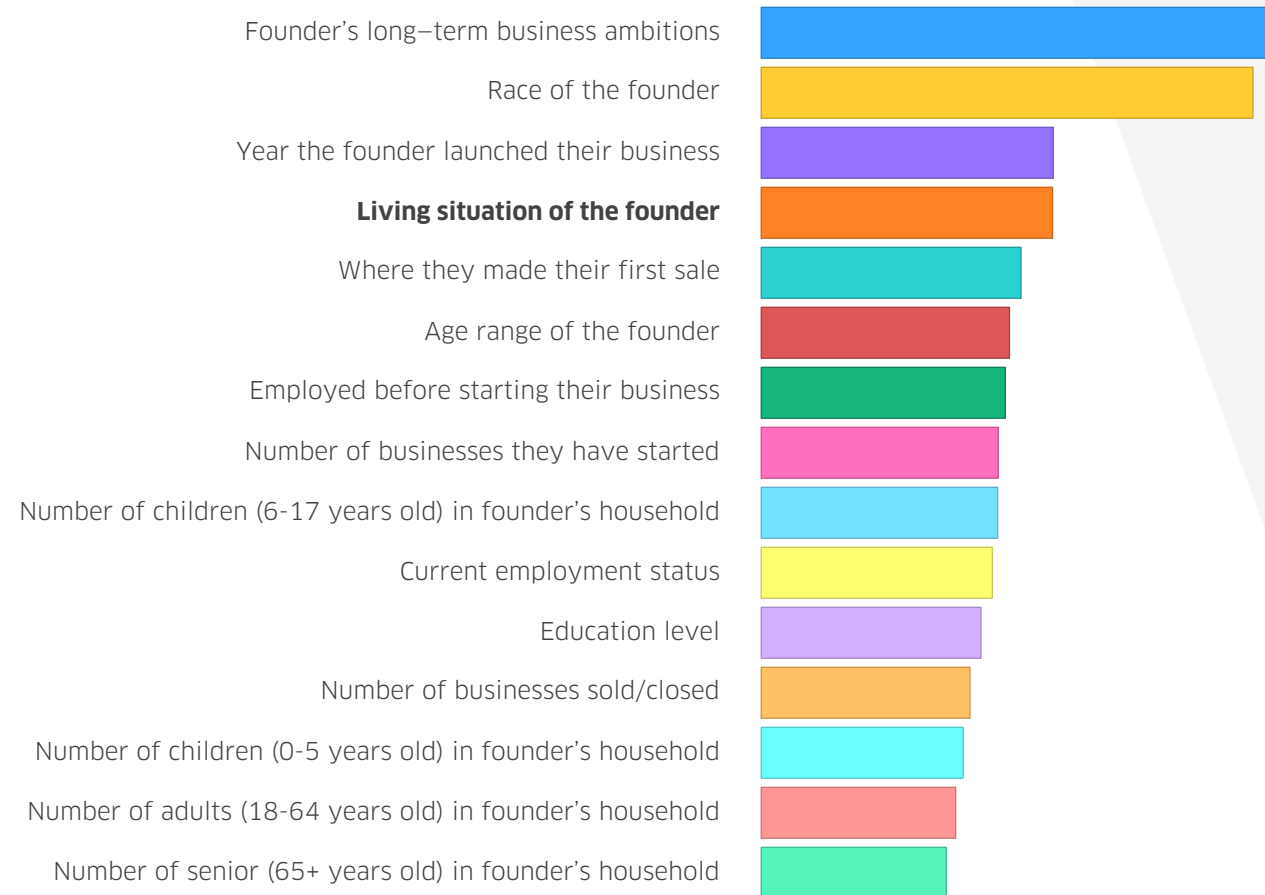
Access to Capital For Who Responded "Easy"

Pressure from Living Situation is a Positive Factor

Living Situation of WBO



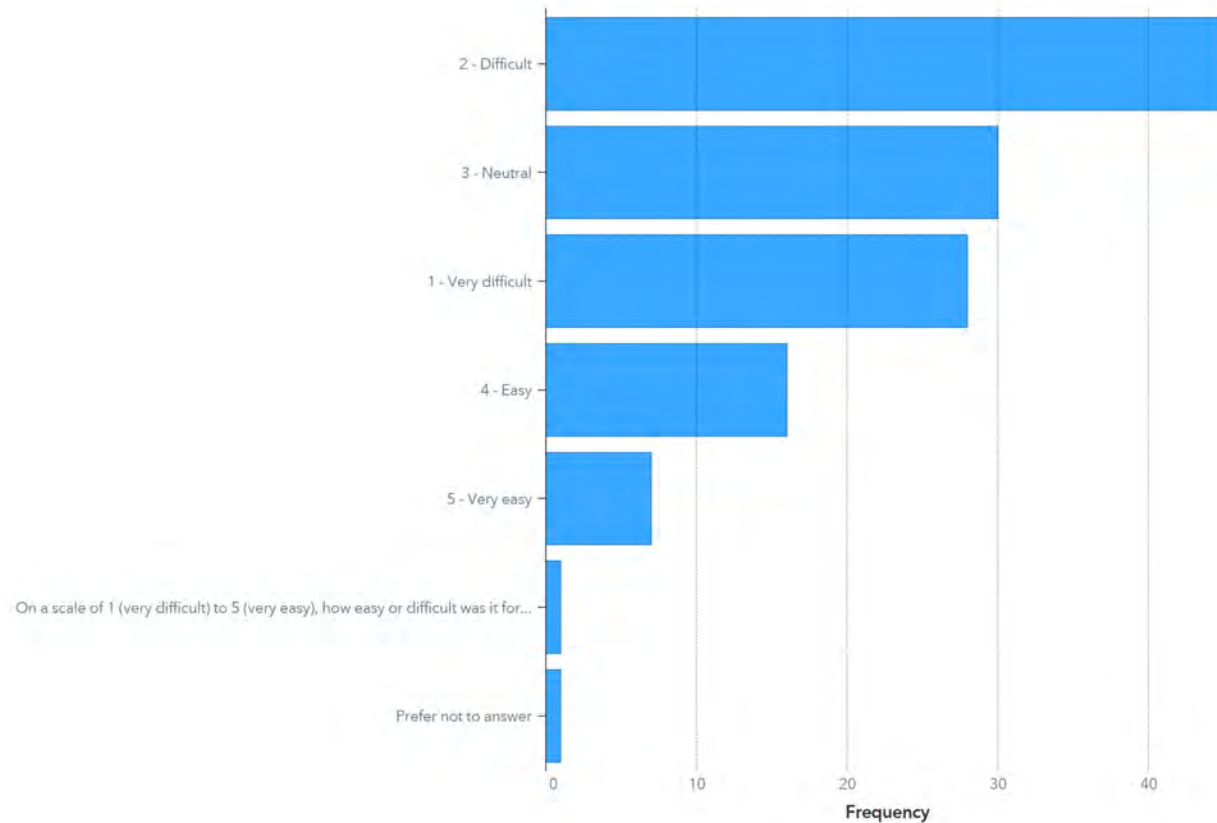
Factors Related to WBO's Access to Capital



Ease of Access to Capital

When Starting
Their Business

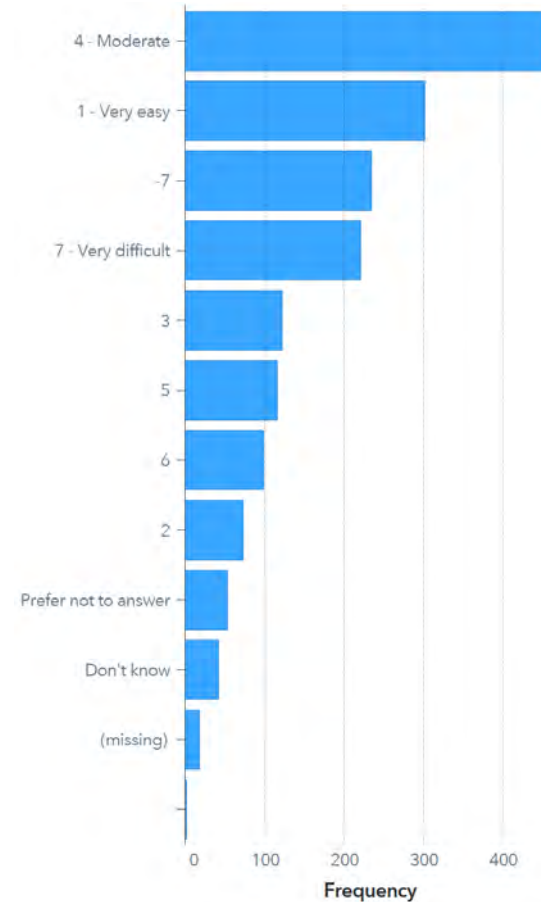
Ease of Access to Capital When
Starting Their Business



Ease of Access to Capital

When Starting
Their Business

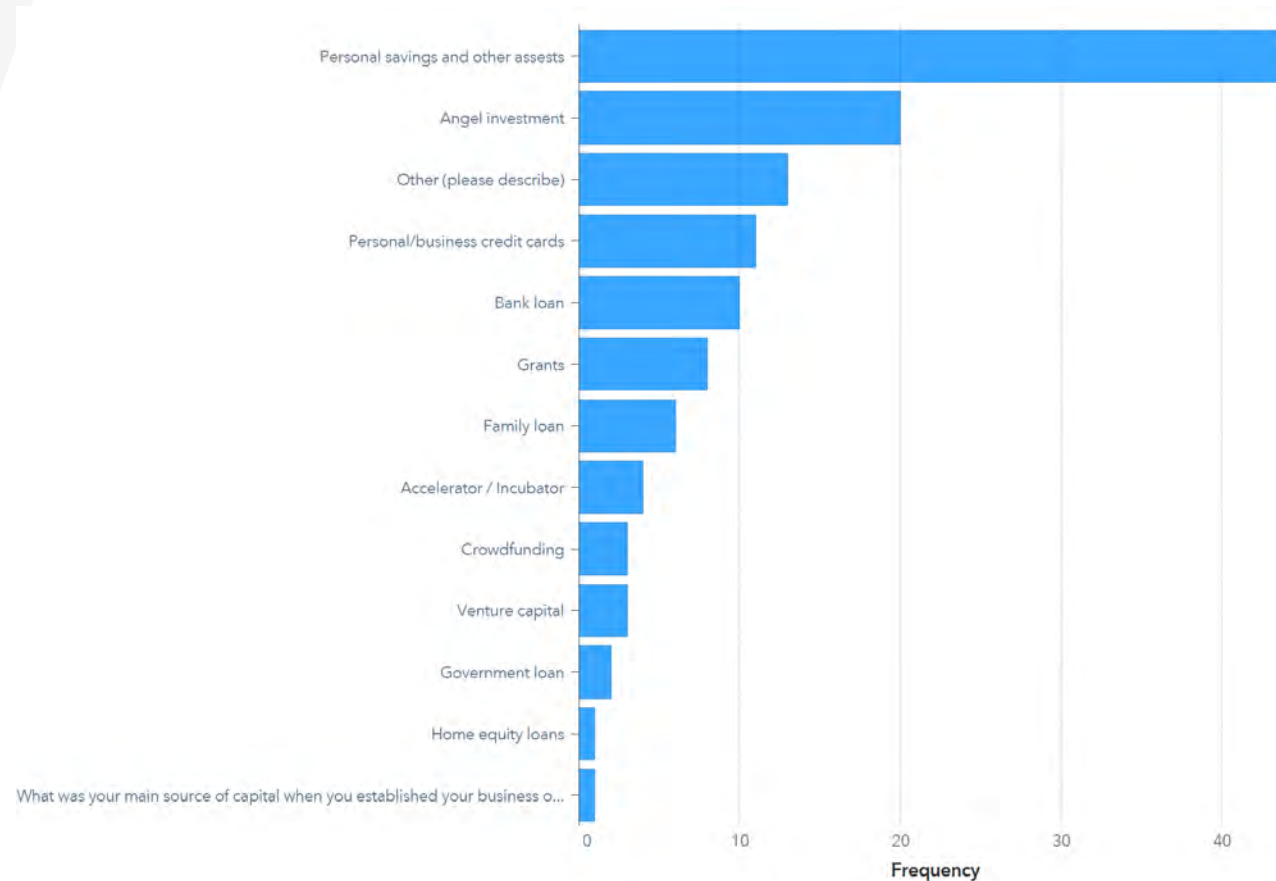
Ease of Access to Capital When
Starting Their Business



Ease of Access to Capital

When Starting
Their Business

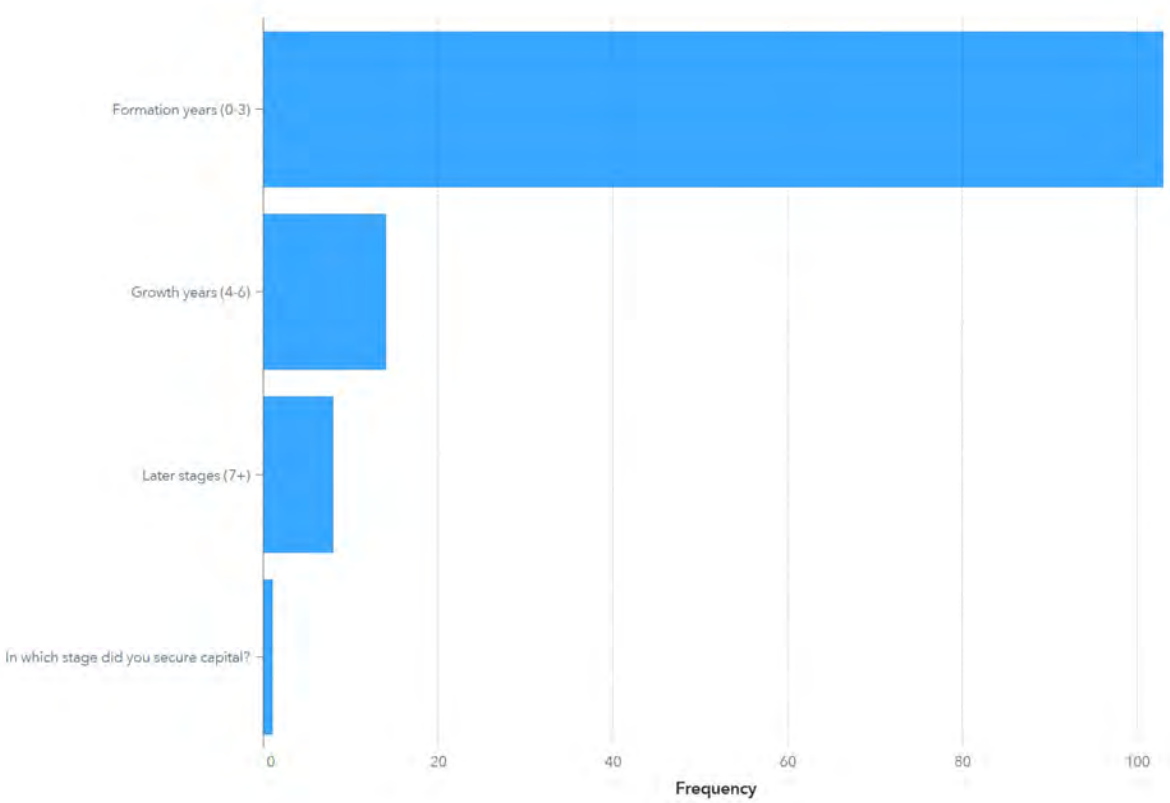
Main Source of Capital When
Starting Their Business



Ease of Access to Capital

Securing Capital

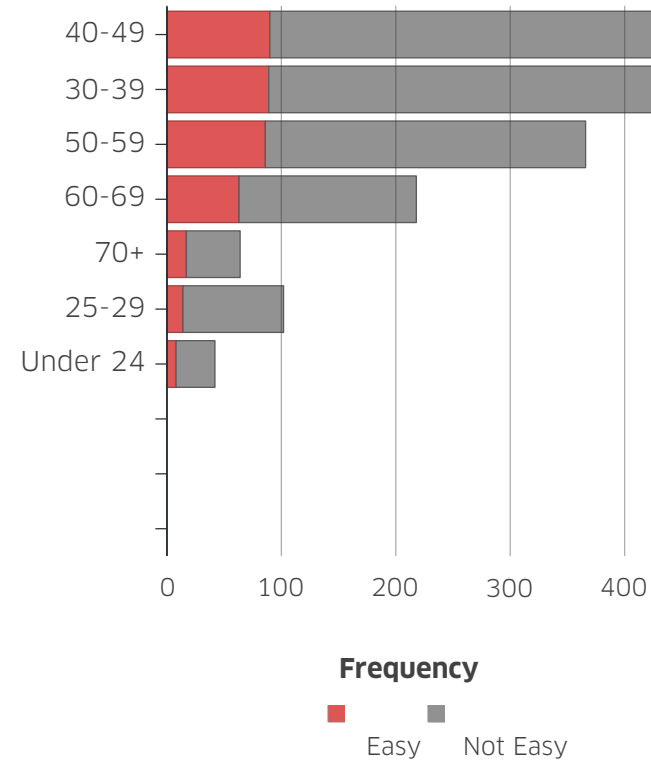
Stage of Business In Which They Secured Capital



Ease of Access to Capital

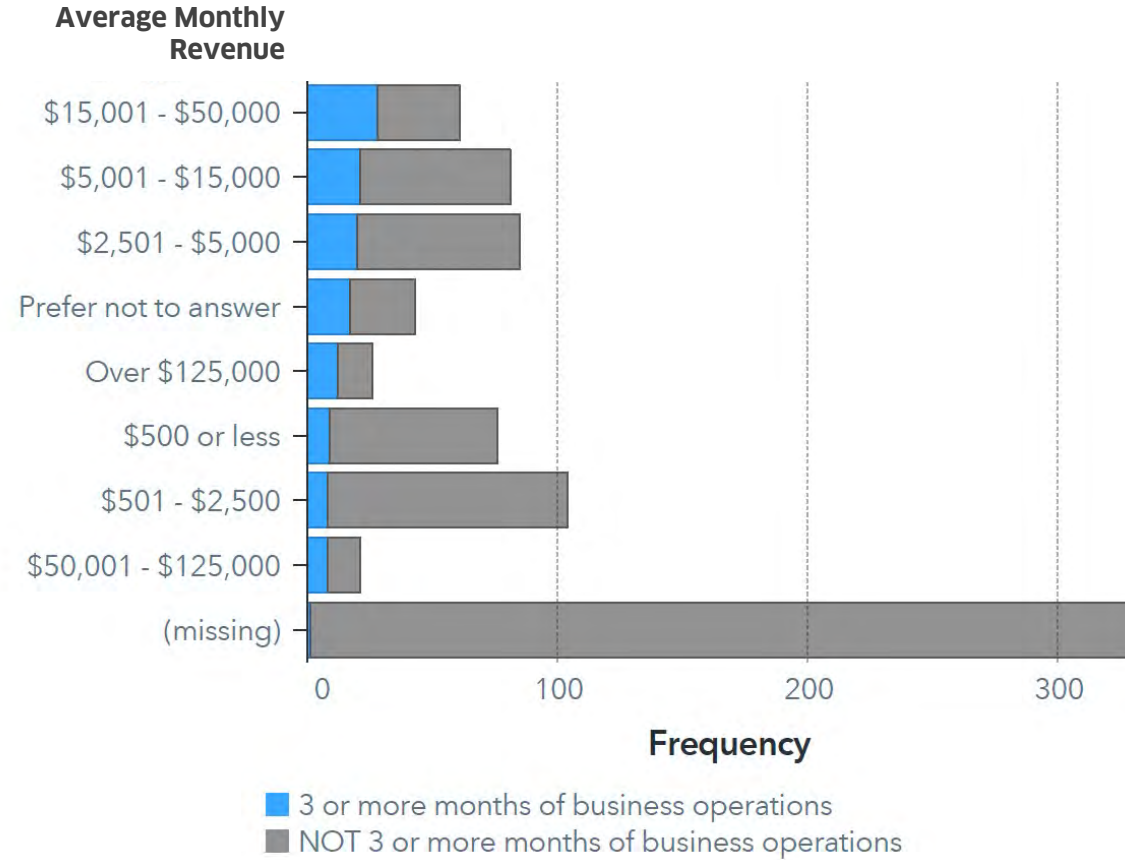
Age is a Factor

WBOs Age Range



Ease of Access to Capital

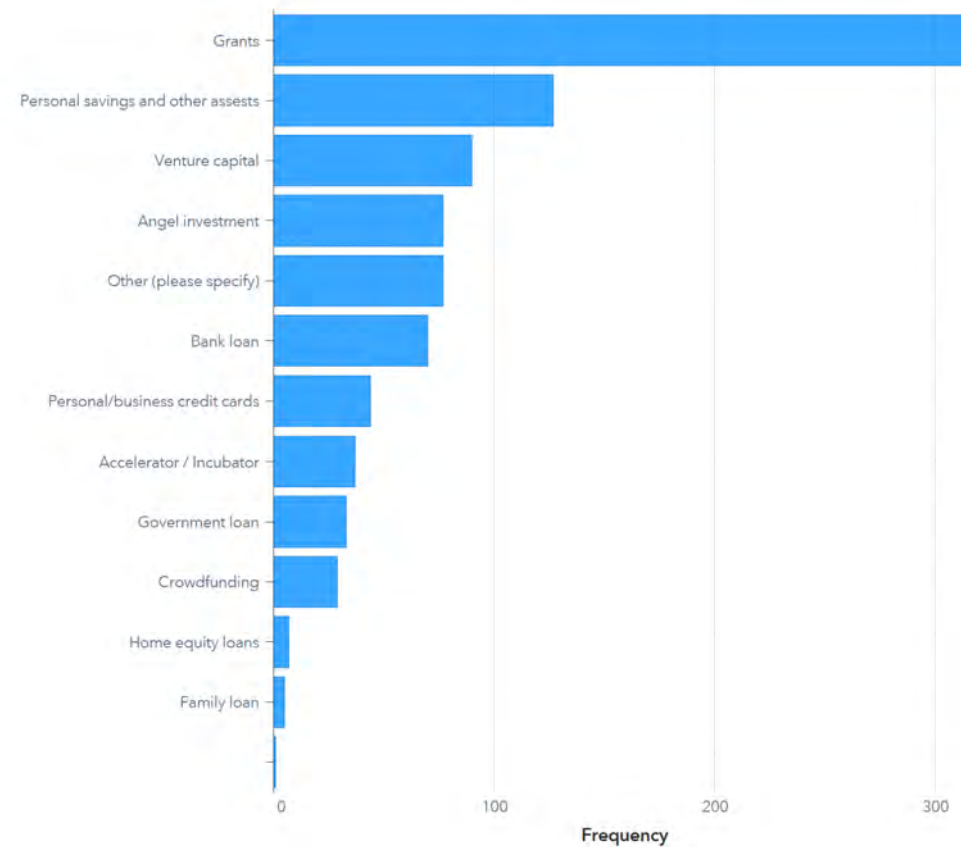
Average Monthly Revenue



Ease of Access to Capital

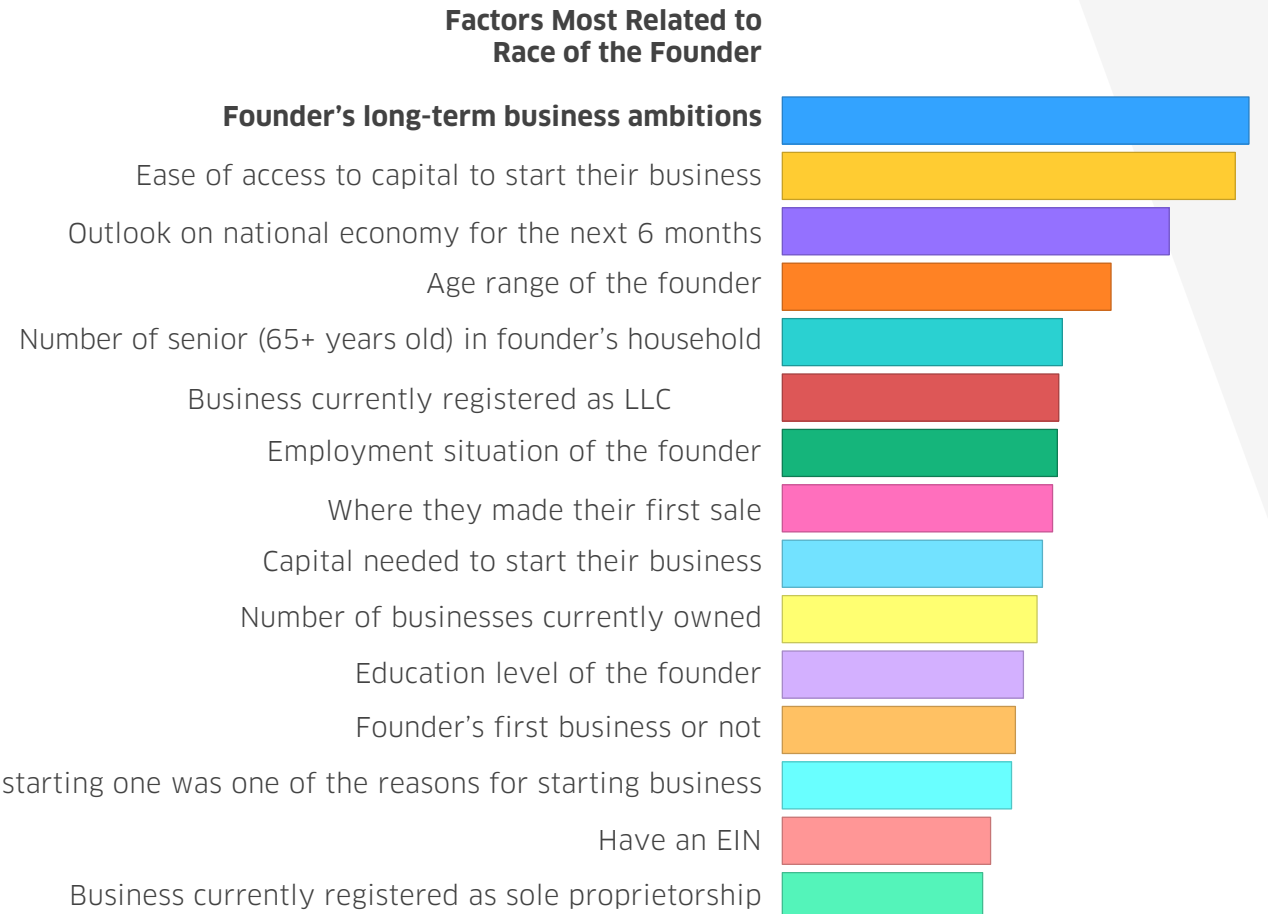
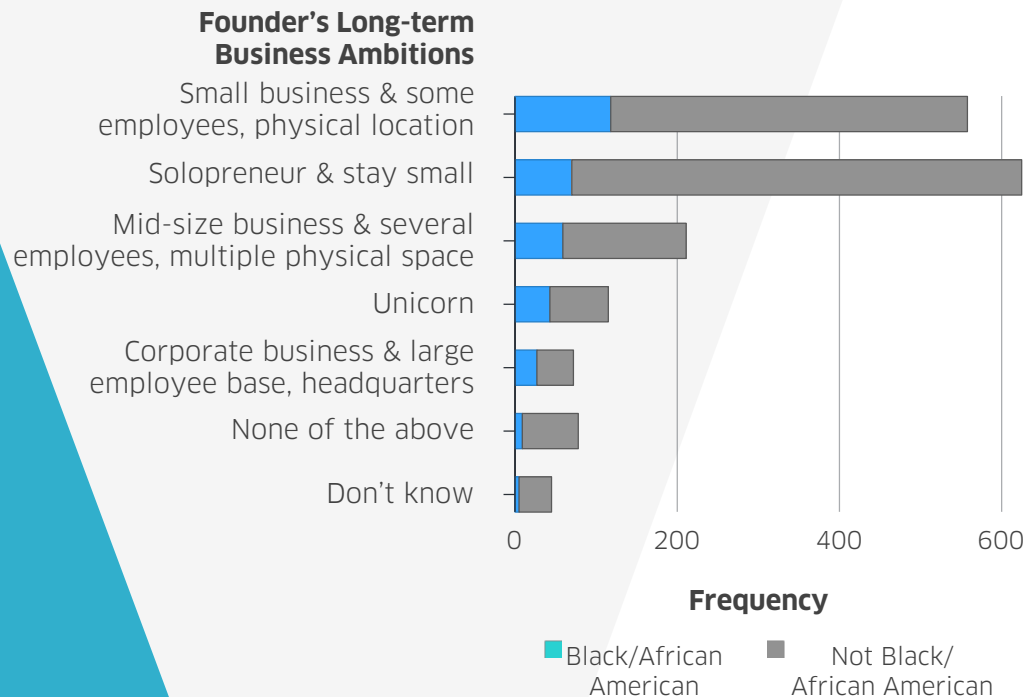
Average
Monthly
Revenue

Intended Kind of Capital
to Raise In the
Upcoming Years



Black/African American Women

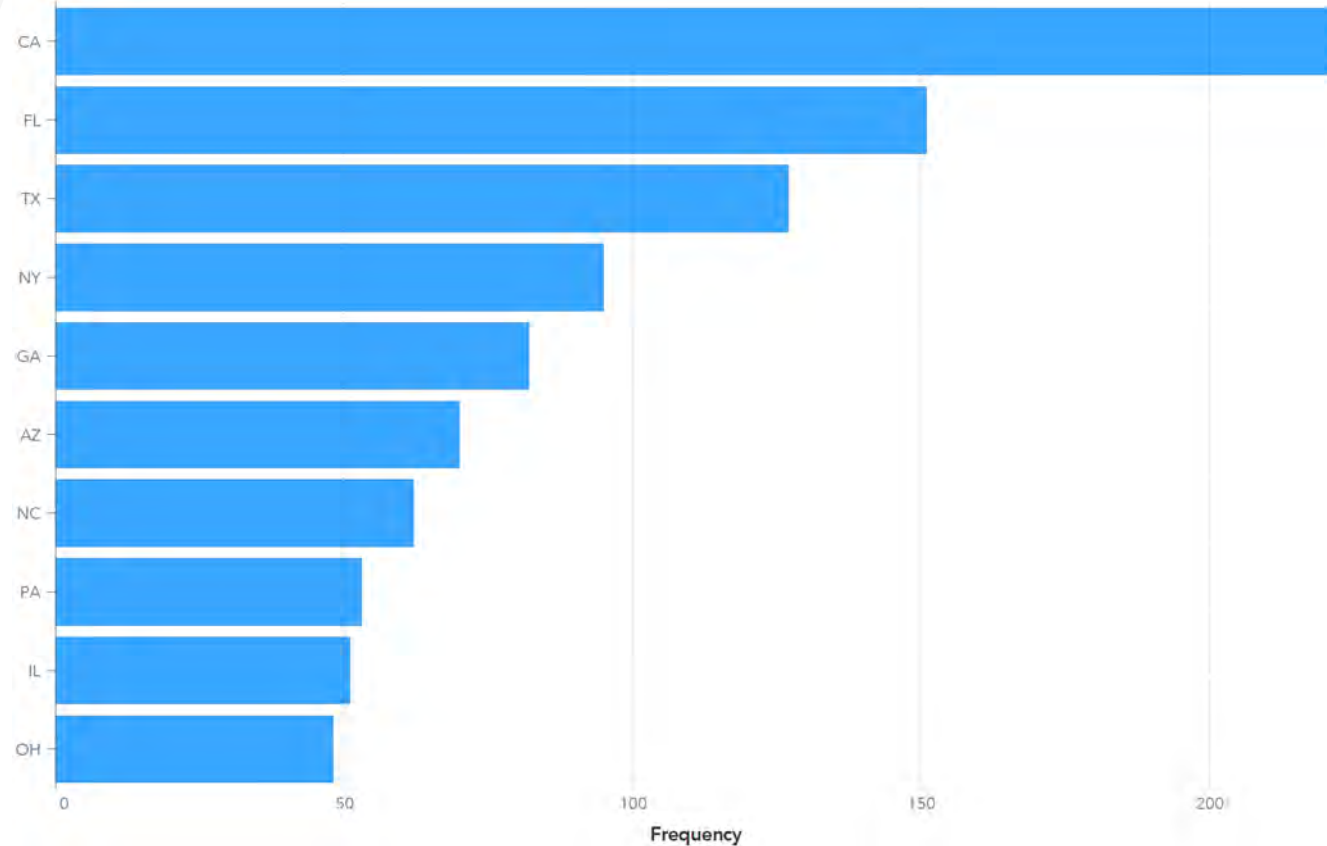
Bigger Long-Term Ambitions and Higher Positive Outlook on Economy



Location

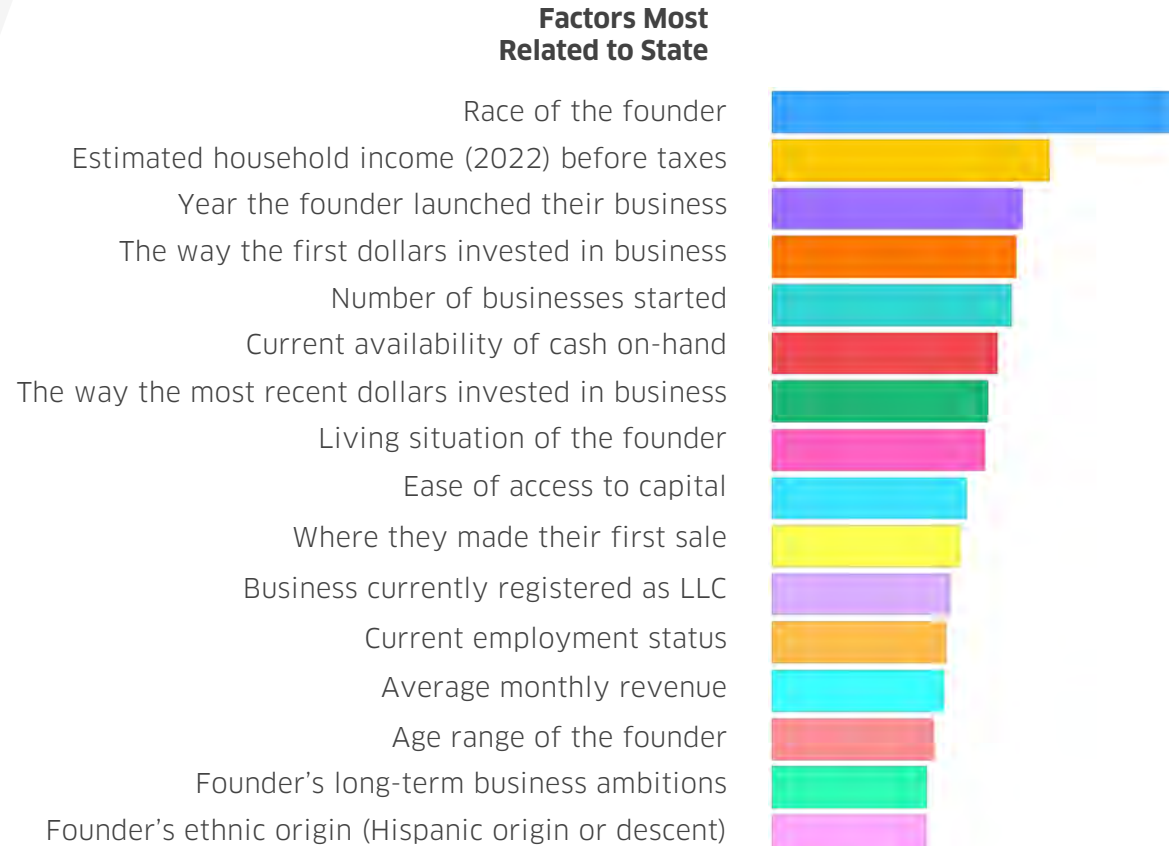
Frequency of Founder's State

Frequency of Founder's State



Location

Most Important Factors by Founders' Location



Explaining Motivation of Starting Their Business

Compared to their White counterparts, more respondents who identified as Hispanic, Black/African American indicated that contributing to their communities was the primary motivation for starting their business.

Top three reasons for women business owners to start their business by race



Motivation of Starting Their Business

Insight

Hispanic and Black/African American entrepreneurs are a force for good in their communities, and could serve as critical, trusted change agents for broader community-level impacts. Under Resourced Founders are using their entrepreneurial energy to affect positive change in their communities.

Implications for Impact

Supporting Under Resourced Founders directly could have ripple effects throughout their communities. This has implications for increasing material, social, and expert advice to these founders and expanding community level measures to fully assess investment impacts.

The Structure of Growth Based Businesses

•Formation Selection & Needs of \$500k+ Annual Revenue

Growth Based Business are defined as \$500K + Annual Revenue and Timeline to Revenue Velocity < 5 Years

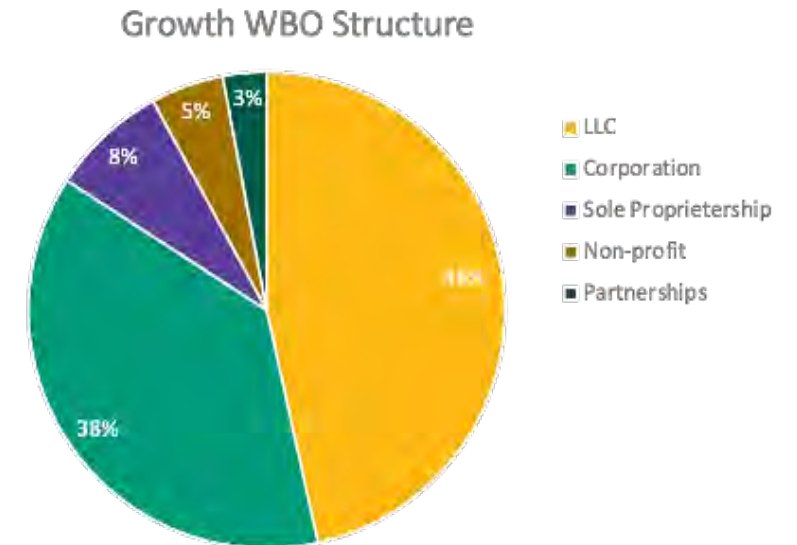
38% of Growth WBOs participating in Milestone Circles are 1st time breakthrough business owners and 11% are on their 3rd business enterprise.

Of those who are break-through (1st time) growth WBO's:

- 50% structure their company as an LLC
- 38% structure as a Corporation
- 12% structure as a Sole Proprietorship

14% of Growth WBOs Top Needs include cash flow, accounting and tax or fundraising.

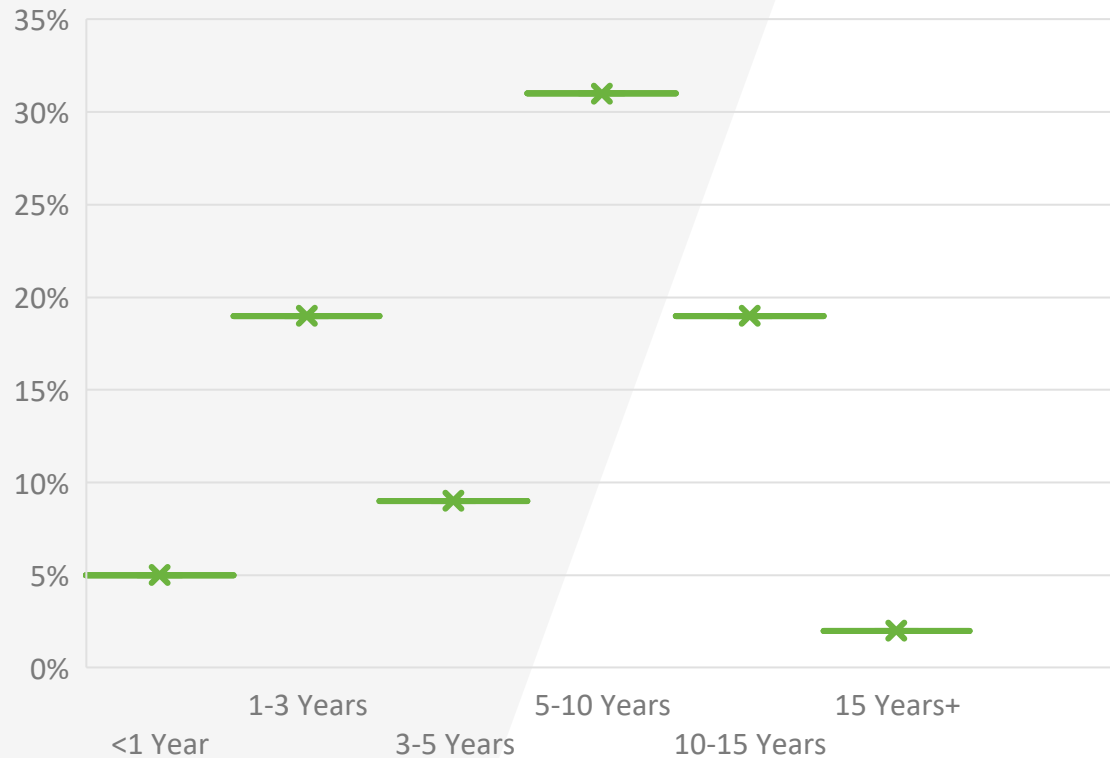
- 70% identified cashflow and forecasting as top areas of support
- 60% of those seeking fundraising were actively prioritizing grants and government contracts



Age of Business of Growth WBOs

Years in business for \$500k+ Annual Revenue

Growth WBOs Years in Business



- While over 30% of Growth WBOs achieved velocity by Year 5, 24% achieved velocity in less than 3 years in business.
- By comparison, only 2% of WBO applicants with more than 15 years of operations were realizing >\$500k revenue.
- Deeper analysis would be helpful to further assess network and resource access of WBOs (<3 years old) during Covid-era to understand velocity tied to specific resources provided during this timeframe versus businesses with a longer history of operations.

Insights on Growth WBOs by Age of Business

Areas of Need and Experience of Business Owner

Inception (5%, Less than 1 Year Old)

- 47% were break through businesses (1st time WBOs)
- 43% were solopreneurs while 57% had <5 employees
- Top Needs:
 - ❖ Marketing: 67% prioritizing need within branding
 - ❖ Fundraising: 67% looking at seed/angel capital
- Top Industries:
 - ❖ 29% Construction
 - ❖ 14% Healthcare
 - ❖ 14% Agriculture
 - ❖ 14% Hospitality

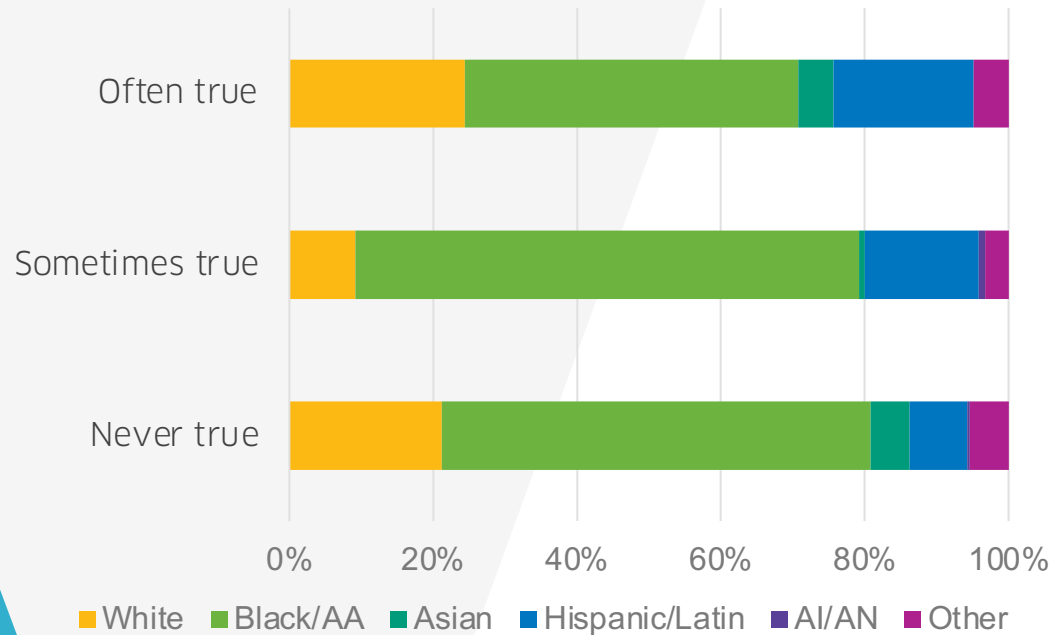
Startup (19%, Less than 3 Years Old)

- 56% were 2nd time WBOs (44%, 3rd time WBOs)
- 20% were solopreneurs while 36% had <5 employees and 8% had >30 employees
- Top Needs:
 - ❖ Business Foundations: 43% prioritizing strategic planning
 - ❖ Marketing: 60% needing support on social media strategy
- Top Industries:
 - ❖ 24% Healthcare
 - ❖ 20% Business Information
 - ❖ 8% Education
 - ❖ 8% Hospitality
 - ❖ 8% Real Estate

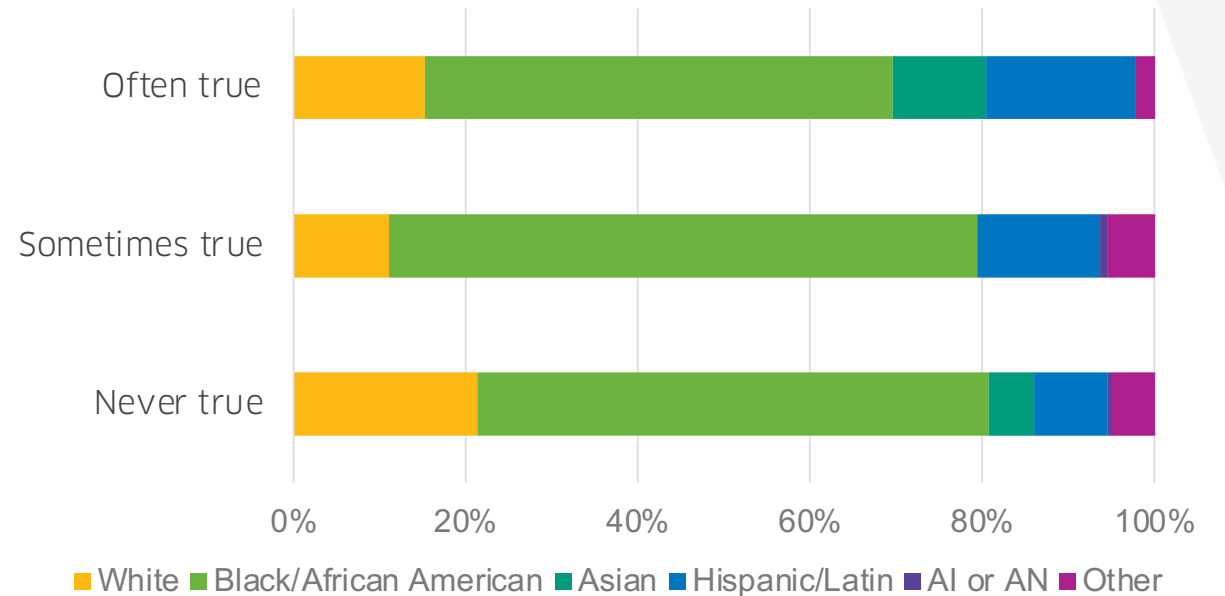
Explaining Healthcare and Food Insecurity

More than 2/3rds of Hispanic/Latin founders reported food not lasting with no additional resources to purchase more and not being able to afford balanced meals.

I/we could not afford to eat balanced meals



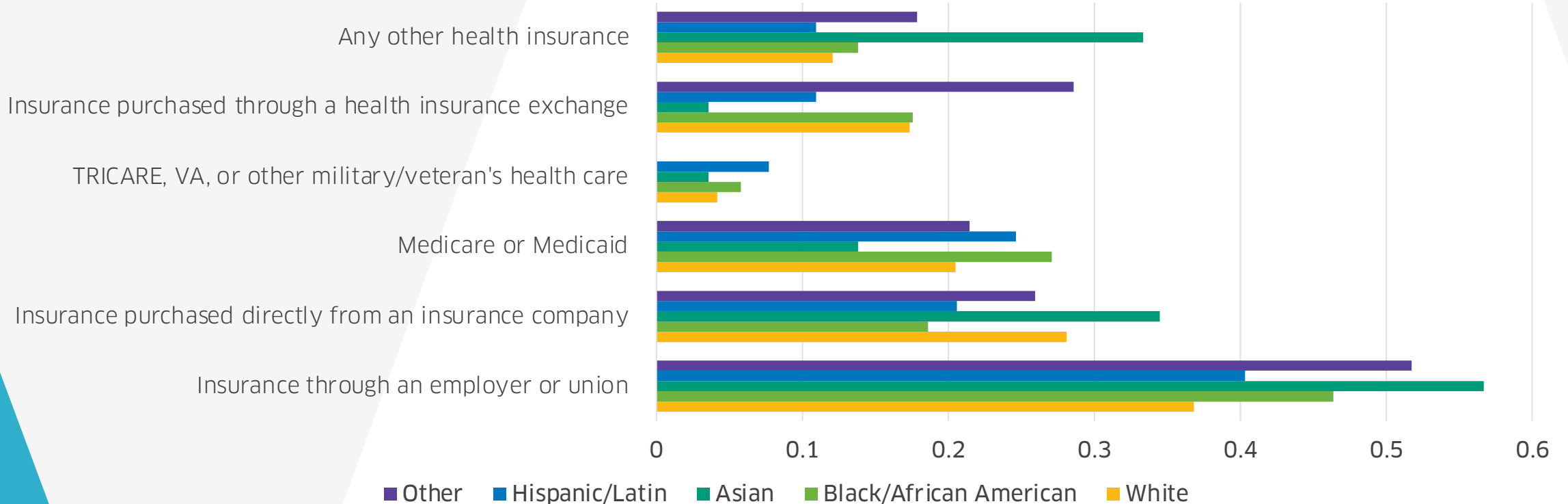
The food that I/we brought didn't last, and I/we didn't have money to get more



Explaining Healthcare and Food Insecurity

Compared to 5-6% of White and Asian founders reporting fair or poor health, 10-15% of Black/African American and Hispanic/Latin founders reported their health to be only fair or poor. Among all respondents, 44% utilize employer or union benefits for healthcare.

Health insurance or health coverage plan by race



Summary: Childcare, Healthcare Cost Effects & Food Insecurity Volatility

- Health, healthcare, and food insecurity are complex but important factors for female entrepreneurs and may be an innovative and impactful target for intervention.
- Like the general U.S. population, the entrepreneurs surveyed utilized a variety of sources for healthcare coverage. Interestingly, many of them used employer benefits as their source.
- It's unclear if their business was their employer or if they were working while also starting a business. If the latter, this may serve as a constraint to growing their business as they may be staying with a company for healthcare coverage, even when their business would benefit from their full-time effort.
- This constrain may be exacerbated for Black/AA and Hispanic/Latin identifying founders as they report lower levels of overall health compared to their Asian and White counterparts. Accessing food and balanced meals also may constrain entrepreneurs differently with Hispanic/Latin identifying founders reporting more difficulty.
- Again, the time and effort it takes for them to meet this basic need may limit their ability to fully focus on growing their business and create unique barriers not experienced by other groups.

Implications: Childcare, Healthcare Cost Effects & Food Insecurity Volatility

While healthcare and food insecurity are large societal systems issues, one potential target for immediate intervention is to develop a mechanism specifically for this population that has easy to navigate, non-stigmatizing access to sources of affordable healthcare services, government funding, and food access or meal support. Designing it so that the female entrepreneurs feel supported, deserving, and non-stigmatized would be essential.

Appendix

Source: Nasdaq Entrepreneurial
Center Data

Growth Stage Business Insights

Businesses Over \$500K in Revenue

-and-

Timeline to Revenue Velocity < 5 Years

Source: Milestone Circles Data

Insights on Growth WBOs by Age of Business

Areas of Need and Experience of Business Owner

Emerging (9%, 3-5 Years Old)

- 67% are 2nd time WBOs, 16% are 4th or 5th time business owners
- 42% had 5-9 employees, 8% were solopreneurs and equally there were 8% of these WBOs with 50-99 employees
- Top Needs:
 - ❖ Business Foundation: 67% prioritizing scaling business
 - ❖ Cash flow, Accounting & Tax: Equally split across all 3 domains
- Top Industries:
 - ❖ 22% Healthcare
 - ❖ 22% Education

Growth (31%, 5-10 Years Old)

- 46% were 2nd time WBOs (86% are generating over \$1M in Annual Revenue)
- 39% had 10-29 employees and 10% had 50-99 employees
- Top Needs:
 - ❖ Business Foundations: 50% prioritizing scale
 - ❖ HR: 50% retaining talent
- Top Industries:
 - ❖ 17% Healthcare
 - ❖ 13% Technology
 - ❖ 13% Education
 - ❖ 13% Finance

Insights on Growth WBOs by Age of Business

Areas of Need and Experience of Business Owner

Established (19%, 10-15 Years Old):

- 48% are 2nd time WBOs (20% are generating \$1M+ Annual Revenue)
- 32% have 5-9 employees, 16% have 10-29 employees

Top Needs:

- ❖ Business Foundation: 67% prioritizing scaling business
- ❖ Cash flow, Accounting & Tax: 50% prioritize cash flow management support
- Top Industries:
 - ❖ 31% Healthcare
 - ❖ 19% Business Information

Mature (2%, 15+ Years Old)

- 100% were 2nd time WBOs
- 50% had <5 employees
- Top Needs:
 - ❖ Sales: 100% Sales Strategy
 - ❖ Business Foundations: 100% Strategy
- Top Industries:
 - ❖ 29% Business Information
 - ❖ 29% Education

Summary of Analysis

Growth-Based Businesses Served

- If a business is > 5 years old, less chance they'll become a growth-based business
- If you're 3-10 years old and tracking to be a growth-based business, you have 5-9 employees
- Business information, education and technology, are the highest performers across stages
- Top need for growth-based businesses are (1) Business Foundations and (2) Cash Flow, Accounting & Tax, identifying, even at growth stages, grounding in the basics is critical to success

Early-Stage Business Insights

Businesses Under \$500K in Revenue

-and-

**Timeline to Revenue Velocity is on track
for 5 Years**

Source: Milestone Circles Data

The Structure of Early-Stage Businesses

Formation Selection & Needs of <\$500k Annual Revenue

57% of early-stage WBOs are 1st time breakthrough business owners and 31% are on their 2nd or 3rd business enterprise.

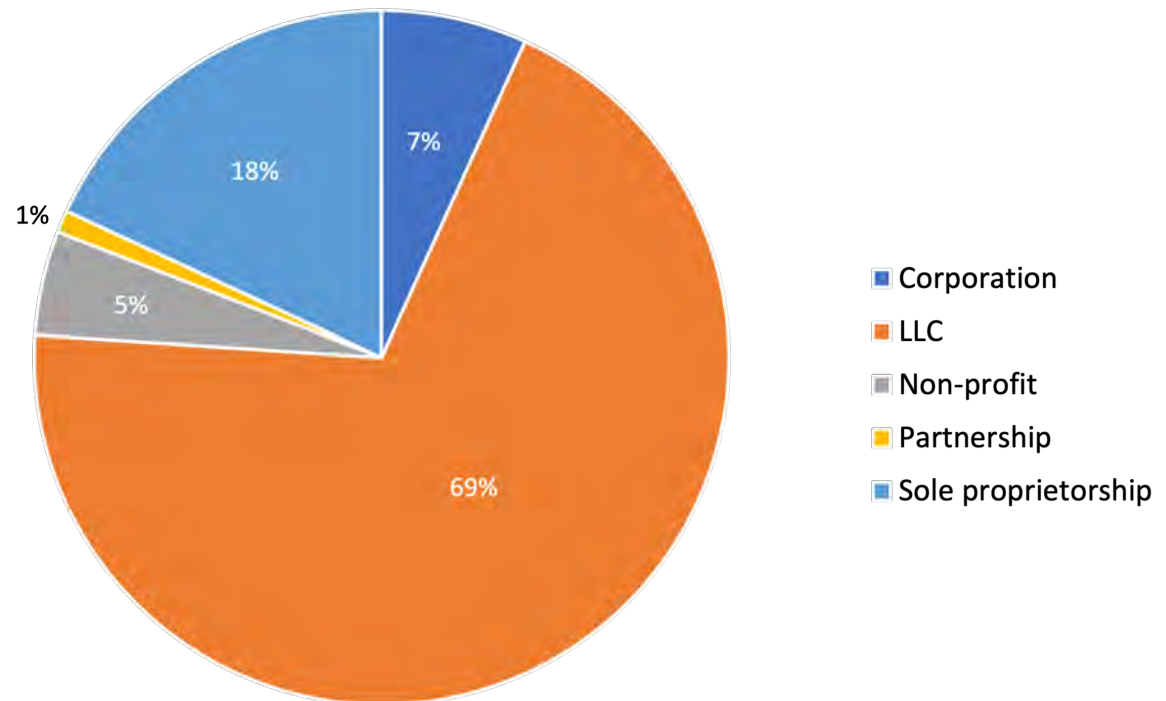
Of those who are breakthrough early-stage WBOs:

- 68% structure their company as an LLC
- 18% structure as a Sole Proprietorship

69% of early-stage WBOs' top needs include strategy, accounting, and marketing.

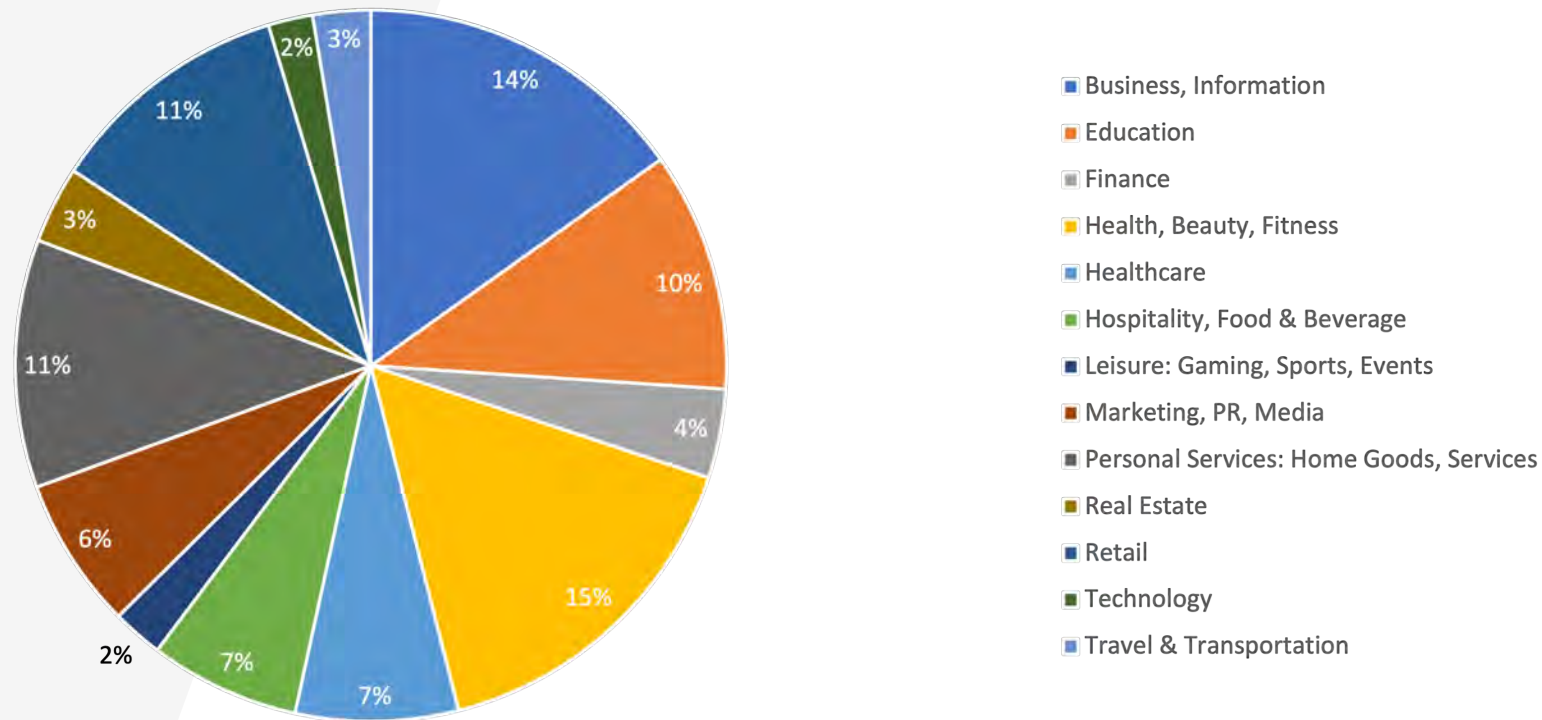
- 54% of those seeking fundraising were actively prioritizing grants

Early-Stage WBO Structure



Employee Count Insights for Circles (n=4664)

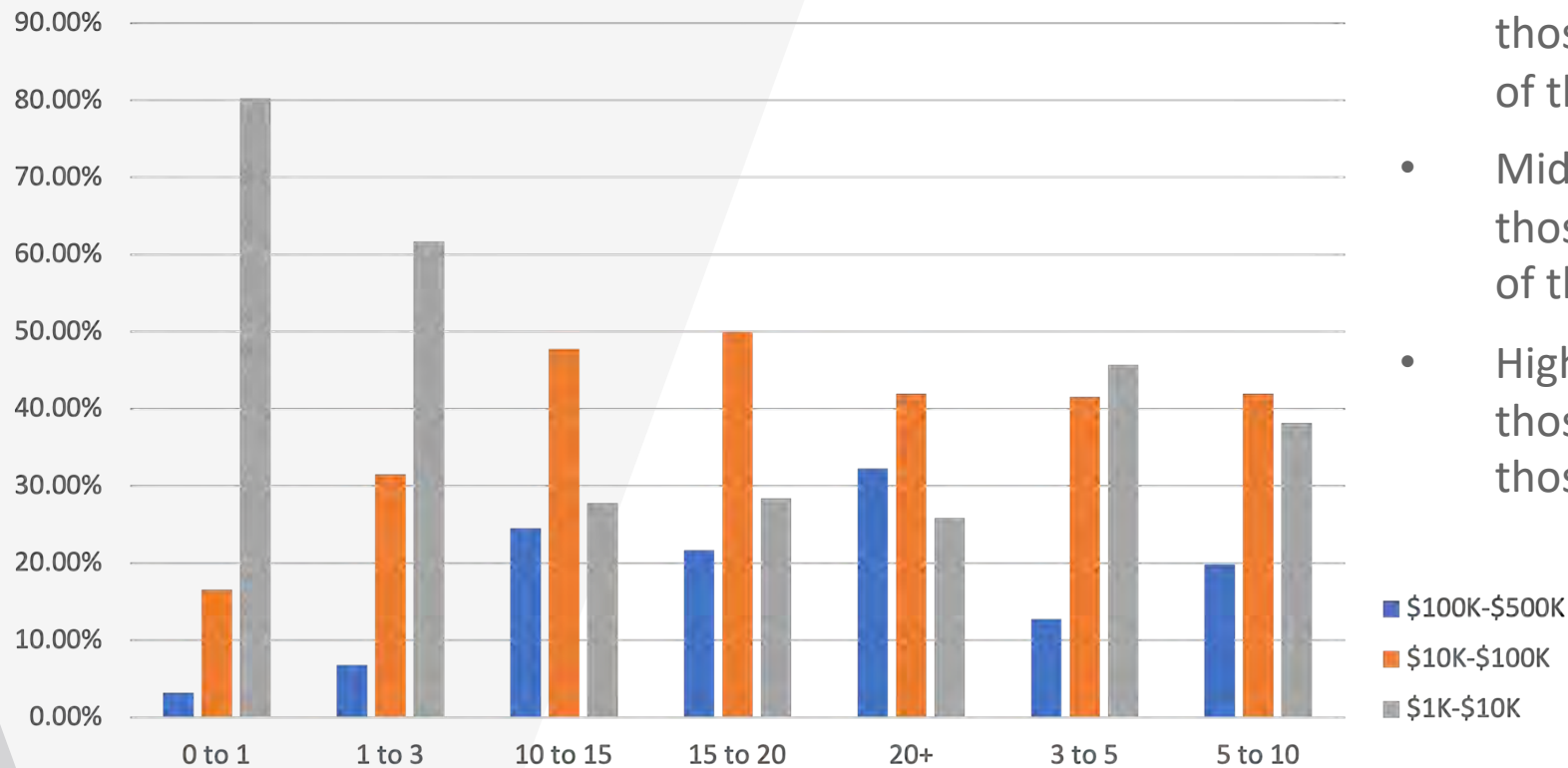
Employee Count <5: Industry Ranking



Companies with less than 5 employees represented 91% of early-stage applicants. 61% of applicants with less than 5 employees are in the business, health & beauty, personal services, education, and retail sectors. By comparison, 60% of WBOs <\$500k annual revenue were in the business, health & beauty, personal services, education, and retail sectors (n=5125).

Insights on Early-Stage WBOs by Revenue

Distribution Across the Capital Stack



- Low-revenue companies peak at 80% of those aged 0 to 1 years and valley at 26% of those aged 20+ years
- Middle-revenue companies peak at 50% of those aged 15 to 20 years and valley at 17% of those aged 0-1 years
- High-revenue companies peak at 32% of those aged 20+ years and valley at 3% of those aged 0-1 years

Insights on Early-Stage WBOs by Revenue

Spotlight: Business Information Across the Capital Stack

Business Information is the only sector with prominence among both early-stage and growth WBOs

Analysis by Revenue

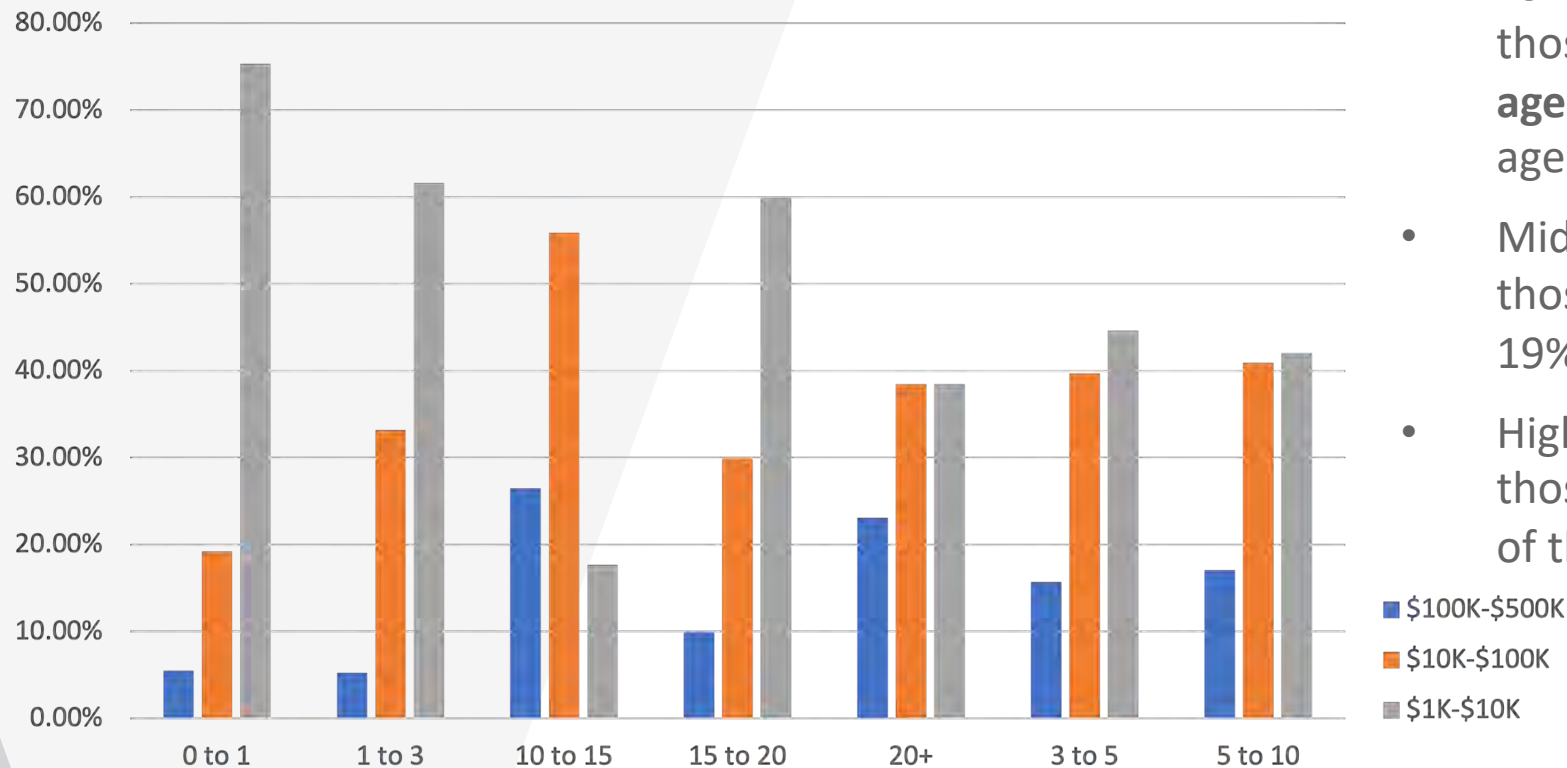
- 48% of companies in the Business Information sector reported low revenue (\$1k to \$10k: 55% overall)
- 38% of companies in the Business Information sector reported middle revenue (\$10k to \$100k: 34% overall)
- 14% of companies in the Business Information sector reported high revenue (\$100k to \$500k: 11% overall)

Analysis by Needs

- HR, operations management, and personal wellbeing remain top concerns across the capital stack
- However, HR increases from 25 to 50% of WBO considerations at the high revenue level
- Strategy, legal concerns, accounting, funding, marketing, and sales are all prominent at low revenue but negligible at high revenue
- For Black business owners at the high revenue layer, **all concerns essentially disappear except for personal wellbeing**, which sits at 50%. Compare this to the prominence of personal wellbeing for high-revenue Black business owners across sectors: 14%. See the next slide for more analysis on this troubling discovery

Insights on Early-Stage WBOs by Race

Business Information (cont'd) for Black-identifying Leaders



Race across the business capital stack

- Low-revenue companies peak at 62% of those aged 0 to 1 years and **60% of those aged 15-20**. They valley at 18% of those aged 10-15
- Middle-revenue companies peak at 56% of those aged 10 to 15 years and valley at 19% of those aged 0-1 years
- High-revenue companies peak at 27% of those aged 10 to 15 years and valley at 5% of those aged 1-3 years

Note: This discrepancy does not exist to this degree in other industries, but more analysis must be conducted to determine the extent

Summary of Analysis

Early-Stage Businesses Served

- Prominence of early-stage companies structured as LLCs is alarming because it can potentially limit access to capital
- Two of the three most prominent sectors at the growth layer - healthcare and tech - have less than half the representation at the early stage, while business information remains consistent
- There is more variety among industries at the early stage – both by sector or business type; we seek to better understand apparent bottlenecks between <\$500k and >\$500k, by industries and geography
- Race/ethnicity of WBOs affects success and wellbeing differently across sectors; more research must be done to determine where, why, and how this bias might be counteracted